November, 1961
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PRSA

Public Relations Journal

International Business Machines Puts Its Best Face Forward, p. 11.

What to Do about Conflicts of Interest, p. 7.

A Saint for Madison Avenue, p. 14.

MARK SULLIVAN: DALLAS Mark Sullivan arrived at TIME's news bureau in Dallas by way of Seattle, New York, Detroit and Washington. Seattle was his boyhood home—his father was a newspaperman there. New York was his "college town"—and during college he worked for TIME as copy boy and production assistant.

Detroit was Sullivan's first TIME news bureau—and there he quickly learned to bat camshafts and fuel injection systems with the carmakers. But his biggest story out of Detroit, he feels, was on the then under-wraps Salk vaccine. His comprehensive reports contributed to TIME's cover story on Salk in March 1954.

Between 1955 and 1959, Sullivan worked as a general assignment reporter in TIME's Washington bureau, frequently covered the State Department and the White House. "My first day as a White House correspondent," Sullivan recalls, "was memorable—Iraq fell to a revolution. The second day was just as memorable—Eisenhower ordered American troops into Lebanon."

Also memorable in its own way was reporting for a cover story on Jockey Willie Hartack, who was then riding near Washington. "He just about killed me," Sullivan says, "racing his sports car over hilly country roads to the track. At the top of some rises, all four wheels came off the ground. Willie had no fear."

Sullivan has been covering Texas and the Southwest since the summer of 1959. "When TIME first sent me down here," he admits, "like most outsiders I expected Texas to be one vast expanse of 'range' (whatever that was) populated with cowboys and cattle, and dotted with oil wells spewing out wealth. But I found this big state is as many-sided as a glittering chandelier in a hotel ballroom, as vibrant with growth as any place I've ever been. It will be a long time before Texas fills up, and there will be plenty of stories written on its growth before that time comes. I hope to write many of them."

TIME ***The Weekly Newsmagazine***

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EDITORIALS

Words That Soar

Nobel prize-winner André Maurois wrote an article recently for *The New York Times Magazine* in which he asked, "Is the age of oratory dead?" Not entirely, he said. Today's leaders are capable of "words that soar to meet an occasion."

Maurois points out that it may be safe to be dull "but it is not always effective . . . Of course, style is not enough, 'Oratory puts nobody to work.' It must be at the service of great thoughts and effective actions. Even then people sometimes weary of the trenchant style once the time for drastic actions seem past. Both Clemenceau and Churchill lost a general election after a victory in spite of their brilliant services and the fact that they are firmly established in history.

"There are brief moments in the life of nations when it gives the people pleasure to hear: 'The chief business of the American people is business'; or again, 'What is good for our country is good for General Motors and vice versa.' There are other times when 'the old unctuousness, the old pulpit vagueness, the hackneyed phrases' are tolerated. But such moments are fleeting."

The author was, of course, writing about world statesmen—but much of what he says is applicable to public relations people who either have occasion to deliver their own speeches or research them for others in the corporate structure.

The Balanced View

The testimony of advertisers before the Federal Communications Commission has been most interesting. One of the companies that has been telecasting excellent public service programs, Bell & Howell, displayed good public relations in the hearings and good publicity in releasing its statements to the press. The company, we might add, is the only one to have notified us of its appearance.

Peter G. Peterson, president of Bell & Howell, was quoted in the release as citing the reasons for his corporation's switch from sponsorship of westerns and mysteries to public affairs programming. Commenting on the long-term profits of business, he said, "An educated public is not only the best guarantee of a democratic society—it is also the best guarantee of a vigorous economic order. Our more immediate company objective was to create a sense of identity, uniqueness and quality for Bell & Howell products . . . Americans are growing increasingly realistic about the need for an informed, mature attitude toward the times they live in. Bell & Howell believes that 'sponsorship without censorship' is necessary and that freedom of the press is as desirable in television as it is in newspapers. Bell & Howell does not take side in any controversy, but asks the network to take a balanced view of issues and viewpoints . . . I would sum it up this way. Sponsorship of public service shows has been good business and we hope good citizenhip."

The series, "Bell & Howell Close-Up" is on ABC-TV. Those who prefer to watch westerns will have to consult local papers for station listings.

• • • •

We don't always agree with FCC Chairman Newton Minow but this time he may have a point. He had this to say before members of the Radio and Television Executives Society of New York: "Why not try your own taste for a change? If you prefer the new, the creative, the daring, the imaginative—why not give your audience a chance to share your preferences? Try assuming for a time period that the audience is not really so very different from yourselves. Try to kick the habit of underestimating the public's taste and take a flier on the premise that they are just as knowledgeable, just as ready, just as responsive as you are to the best you have to offer."

We'd Like You to Meet . . .

One point on which editorial and public opinion seems to be going in the same direction is that the United States needs friends abroad. In some quarters overt action is accompanying this desire.

The Saturday Evening Post recently reported on William F. Dawson, an engineering junior at the University of Kansas. He was instrumental in setting up a People-to-People Council to help foreign students integrate into American life and also get summer jobs to help them work their way through college. He succeeded.

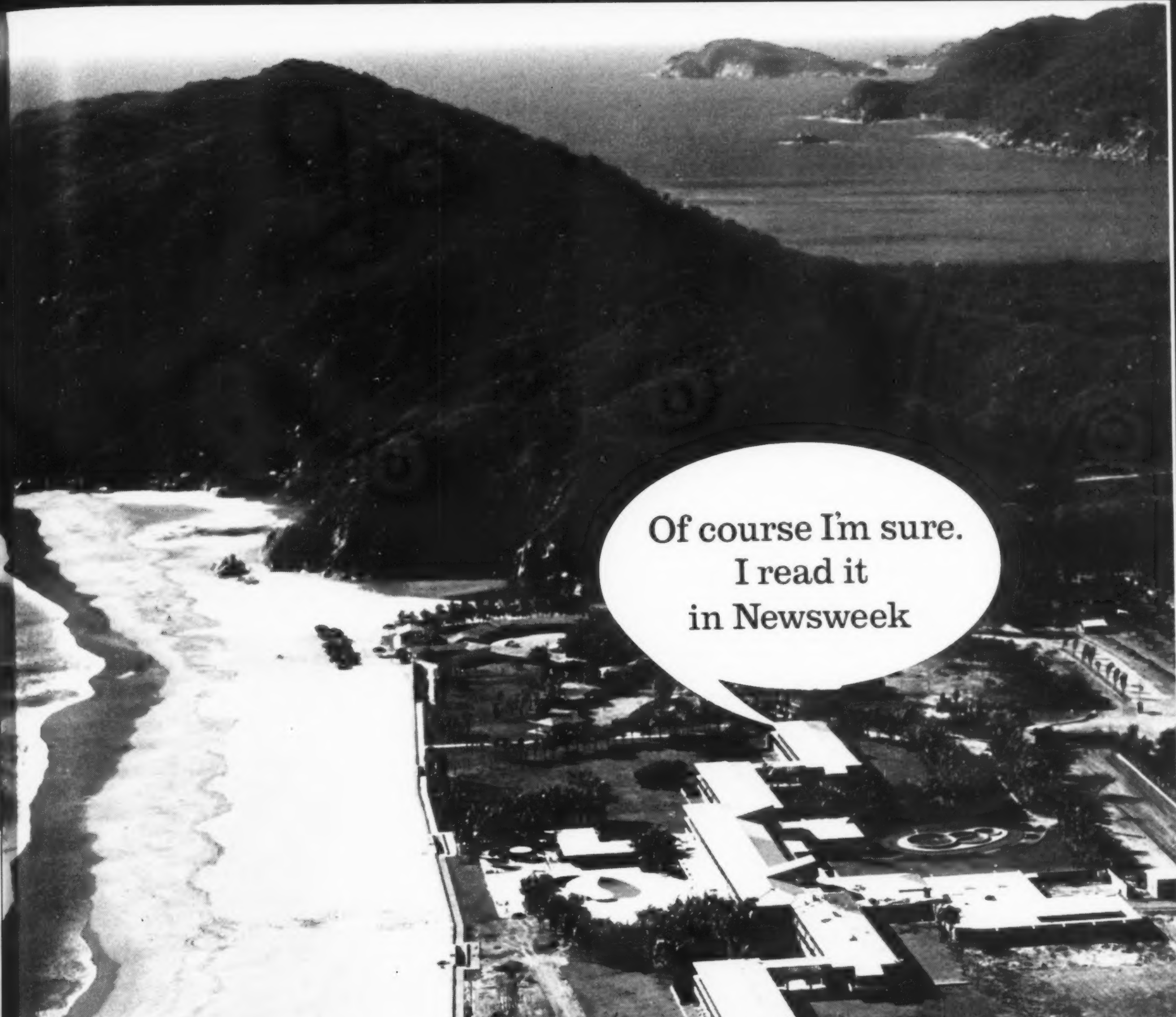
"If there had been more Bill Dawsons around when Kwame Nkrumah, the president of Ghana, was a university student in Pennsylvania a number of years ago," said the *Post*, "perhaps he would not be the leading pro-leftist in Africa today . . . Our whole nation would benefit if the example set at Kansas University were followed and People-to-People Councils were established on campuses all over America." The PUBLIC RELATIONS JOURNAL supports this idea. America's corporations would be well advised to invite foreign students to apply for jobs next summer. Unions could help too, by waiving some of their membership requirements.

• • • •

Contrast this notable program at the University with this recent item from the Associated Press: "A Nigerian diplomat traveling to New York with his family was refused table service at a restaurant on U.S. 40 northeast of Baltimore . . . 'When we entered I was told the restaurant did not serve colored people,' he reported. 'I pulled out my identification card to prove that I was a diplomat, but the man there still refused.' Clarence Rosier, the restaurant proprietor, said: 'If we serve Negroes we will be out of business because our regular patrons will not come here, and this is the story in a nutshell.' "

Clarence Rosier meet William Dawson.

NAL


Of course I'm sure. I read it in Newsweek
...ahead of the news, behind the headlines...for people at the top
HOTEL PIERRE MARQUES, ACAPULCO, MEX.

LETTERS TO THE EDITOR

ONWARD AND UPWARD

The article "Budgeting: Counselors, Charges, Contingencies," (PUBLIC RELATIONS JOURNAL, September 1961, p. 13), is stimulating and thought-provoking, especially to a partner in an agency smaller than those represented by your panel.

We've often wondered why our agency has not grown faster. Now, thanks to your article, we know.

You see, we'd been going along on the old-fashioned theory that if a man worked 24 hours a day, 365 days a year, the best he would come up with would be a total of 8,760 hours yearly. (Every leap year, we took a day off.)

We understand how wrong we've been. By Ivy Lee! If Chester Burger's men can work 16,000 hours a year, that must be the secret of success with the large agencies!

We can do it too. From now on, we're going to work 16,000 hours a year if it takes us two years to do it!

Edward M. Williams
Senior Partner
Action Associates
Philadelphia, Pennsylvania

EDITOR'S NOTE: *Thanks, we'll zero in on our proofreader.*

A LETTER TO MR. MARGULIES:

EDITOR'S NOTE: *The following is in response to a letter from Mr. Walter P. Margulies which appeared in* PUBLIC RELATIONS JOURNAL *September 1961, p. 25.*

It's so nice to reply again to my pen pal and to discuss further with you our differences about your article, "Do Lollipops and Drive-Ins Make an Image." (PUBLIC RELATIONS JOURNAL, July 1961, p. 5.)

May I call you Walter? You seem like a nice democratic fellow what with talking with people in subways and supermarkets and all that.

First, I want to apologize to you. I'm afraid I have deceived you. Inadvertently, of course. In your gracious reply to my first letter, you invited me to visit you "if you ever get east of the Hudson River." Thanks, Walter, but having been born and raised in Manhattan (Walter, you look surprised), I've been there. I'm sorry if I gave you the impression of corn belt confinement.

Now, may we turn our attention to the article? You probably gathered from my first letter that I don't think much of it. I still don't. My displeasure (not distemper) stems from the fact that it is based on a series of false premises.

You assume that banks project one image. There is no such thing as one bank image with equal appeal for all income levels, all social classes, all ages and so on.

If a bank had a single service and one market, then perhaps it could have one image. But a bank has a different image within the minds of numerous groups; its many different kinds of customers ranging from major corporate accounts to personal loan customers, for stockholders, for the staff and so on through the other so-called "publics."

The point is that a bank projects many images, because it serves such a stratified market.

Because some 200 people in a community of ten million did not identify the trademark of Manufacturers Trust Company, you conclude that the bank had a poor image.

Now, Walter, this is ridiculous. At the time you made this study, Manufacturers had deposits of over $3 billion. It was one of the country's largest banks.

Could a bank with such a poor image attract enough customers to have even $3 million dollars of deposits? Did Manufacturers gain its success in spite of that deficient image?

Confidentially, Walter, I will admit that, graphically, that was a lousy trademark.

If you are still with me, I'd like to make this one more point. You say your study's "single, overwhelming conclusion" is that the public has more respect for authoritarian banks than friendly banks. I'll concede the point if you will confine it to New York City. You did say your objective was to learn "how powerfully their symbols were projecting images . . . also what were the *general* consumer feelings about banks in *general.*"

So, all right, New Yorkers don't like their banks to be friendly. Big deal. Walt, it wasn't necessary to go through the trouble of a complicated study to prove that point. Walter, you made that survey in New York City, not Shangri La or Peoria. Remember?

Will close now and go and feed the hogs.

My wife and family are fine and I hope this finds you and yours healthy and happy.

No need to ask you to write soon, because I know you will.

George M. Wasem
Vice President
Commercial National Bank
Peoria, Illinois

CLIPPING BUREAUS—AGAIN

I must confess I find the letter from Mr. Arthur V. Wynne, Jr., in the October 1961 PUBLIC RELATIONS JOURNAL (page 51) rather confusing.

He appears to be stating that the basic points made in my article, "A Simple Five-Point Plan to Improve Your Clipping Service" (August 1961, p. 28), are not applicable to his one clipping bureau, and, therefore, of no value to anyone.

Actually there are at least five national clipping services in the country today, of which his bureau is one; and our bureau is another. In addition, there are approximately 30 state and regional bureaus. I am sure each of these has some refinements which are original to it.

On the other hand, what I had attempted to do in my article was to cover the basic rudiments which pertain to all bureaus.

Contrary to Mr. Wynne, one of the other five national bureaus wrote me (unsolicited) that the article "should be a help to all clipping bureaus." The head of another bureau who heard this five-point plan in a speech I have given to public relations and advertising groups from New York to San Francisco over the past five years stated the same verbally.

My only regret, therefore, is that instead of lending the public relations profession assistance toward getting better results from clipping bureaus, Mr. Wynne's parochial attack has served to confuse and cloud the elements I had hoped to clarify.

John P. French
Partner
Luce Press Clipping Bureau
Topeka, Kansas

FORMAT AND CONTENTS

I suggest that you people use the format of perforated pages, as your recent issues have been bulging with material that we have found worth clipping and routing.

I think the "What to Send For" column has been particularly helpful, and we have certainly enjoyed some of the "nuts and bolts" articles which are sorely needed.

Frank Burgmeier
Frank Burgmeier Company
Syracuse, New York

The September 1961 issue contained some excellent features, along with an incisive and enlightening lead editorial on the role which public relations can play in selling "freedom, democracy and security" to the people of the world. The article dealing with Ex-Cell-O Corporation's role in Project Hope was especially timely.

The recent addition of the "Tempo" feature is an interesting and welcome change of pace to the pages of the JOURNAL.

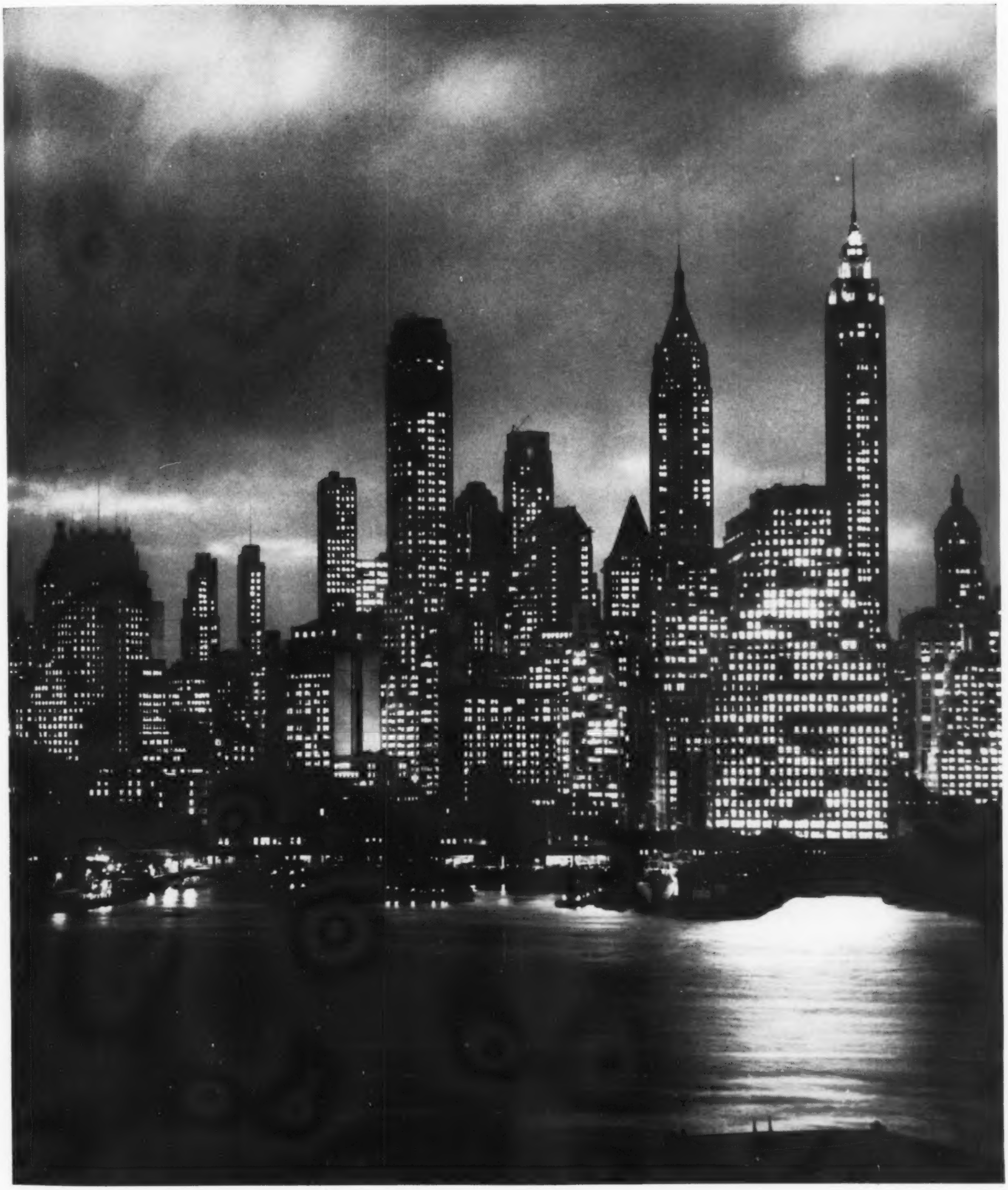
Robin M. Matell
Public Relations Manager
Northern Region
National Airlines
New York, New York

That was an excellent editorial you had in the August issue. ("Censorship by Taxation," p. 2.) It seems to me this is a field in which the PUBLIC RELATIONS JOURNAL can be very constructive because there are a lot of public relations people who are paying very little attention to the problems created by the IRS ruling. Maybe this will have the effect of waking some of them up.

Harold Brayman
Director of Public Relations
E. I. du Pont de Nemours & Co., Inc.
Wilmington, Delaware

The September issue of the JOURNAL is one of the most interesting ever published. From practical politics to departmental budgeting you've covered a wide range of daily public relations problems. Keep it up!

K. C. Beene
Community Relations Representative
Chemstrand Research Center, Inc.
Durham, North Carolina



Formulating Policy Is Job of Public Relations Director and General Counsel

Conflicts of Interest: How to Identify, Process and Avoid Them

By LOUIS W. DAWSON

RECENT EVENTS in the business world will cause many a top corporate official to review his company's operations and seek to determine the best methods to insure his company and person against criticism on the basis of propriety or conflict of interest.

It will be comparatively easy to process a company's official personnel and to determine that conflicts do not exist, or take appropriate action where they do. It will be much more difficult to set up an assured method of processing borderline questions of propriety where they pose advantages to the corporation which must be carefully considered.

DEVELOPING A PROCEDURE

Every president or top executive officer of a major financial enterprise has undoubtedly been faced with questions of this sort. However, it is doubtful if many have developed a procedure for handling them in their initial stages. Such procedures would go far to insure the protection of the principal officers of a company, the company itself and the general reputation of the business.

Unless there is some awareness of the possibilities inherent in all of these questions, some arising from the law, some from ethical considerations and some from plain misunderstanding or possible misrepresentation, it is all too easy to make decisions without the processing they deserve.

It is of course the obligation of any principal officer to abjure any action which to him appears unethical or improper. Some of these decisions are of course easy and no processing is necessary or required. But many do not fit that easily recognizable pattern, and a man's very rectitude may lead him into an action subject to public criticism which in the light of his character would never improperly influence him. It may be suspected that this was the case of a prominent official in the Eisenhower Administration which led to his retirement from public office.

It would be a healthy thing for every company to prepare and circulate a general statement of company policy concerning conflict of interests, the areas where they may occur and the principles to be followed.

But even within these principles, and in many instances without their practicable scope, questions of propriety will occur which may range from the obvious to the absurd. The problem, however, is how to identify the question and once identified, how to process it for the greatest protection to all concerned.

QUESTIONS THAT MAY ARISE

Here are a few examples of questions that may arise. They are discussed without attempting to supply the answer as to whether a practice is legal or illegal, ethical or unethical, wise or unwise, proper or improper. These are simply questions that do or may arise. Is there any common denominator that should put the officer on guard that here is a question that should be processed? I think there may be, but even if not, mere familiarity with some examples may be a guide to when some processing is advisable. Here are some of the problems:

In a financial institution such as an insurance company, a principal officer is a Director on the Board of a corporation that issues securities of interest to the company, or perhaps applies for a direct loan from such company. Aside from the situation where the directorship is merely representative of the creditor, is the making of such a loan insupportable *per se* or should all the circumstances surrounding the matter be considered, such as the desirability of the loan, the size and strength of the borrower and the nature of the officer's interest in such matters? Is there a way in which the officer can disqualify himself if the loan is to be made? Inherent in this question is the whole question of policy of company officers being Directors on the Boards of industrial corporations that may be possible borrowers.

Assume a loan has been made, in one form or another, by a financial institution to an industrial company and similar or consequent financial relationships may follow. To what extent does this bar officers of the lender from accepting favors or advantages from the borrower which do not directly conflict with the interests of the lender? At what point does such a practice depart from ordinary amenities and become special privileges, creating or being capable of creating conflicts of loyalty?

Such a company is considering an investment in a corporation in which relatives (of varying degrees of remoteness) of a principal officer have an interest. Is this investment disqualified *per se* or is the directness or remoteness of the relationship of primary importance? Are there other considerations such as the possibility of ultimate interest of the officer himself to be considered?

PURCHASING PROBLEM

The company proposes to purchase from or through a company in which relatives (of varying degrees of remoteness) of a principal officer, or of the purchasing of-

LOUIS W. DAWSON, *Chairman of the Board, Mutual of New York, joined MONY 31 years ago as a member of the legal department. He was elected to the Board of Trustees in 1941; by 1949 was made Executive Vice President, in 1950, President, and in 1959 Chairman. He is a member of the American Bar Association.*

The Principles Which Should Be Followed To Avoid Conflicts of Interest

Mutual of New York, for some years, has had rules applying to personal investment transactions of its Officers and employees having responsibility for its securities' investment operations so as to prevent any possible conflict of interest that might be detrimental to the Company and its policyholders.

We feel that a general statement of Company policy is desirable at this time.

The primary obligation of every Officer or employee of the Company is complete loyalty to the Company. Loyalty to the Company means, among other things, that:

- No officer or employee may knowingly compete with the Company in any way; as, for example, in the acquisition or disposition of securities or other property.
- No officer or employee may receive anything of value (except the ordinary courtesies of day to day life) from persons or firms negotiating or contracting with the Company or likely to have dealings with the Company.
- No officer or employee may participate in any negotiations or dealings on behalf of the Company with any firm in which such Officer or employee directly or indirectly has an interest through stockholding or otherwise, except a normal investment not significant in amount. The same principle shall apply to negotiations or dealings with any person.
- Every officer or employee owes a duty to the Company to disclose to the Officer to whom he reports any possible conflict of interest of which he becomes aware, between his personal interests and the interests of the Company. This officer, in the case of employees, should consult with the Vice President and General Counsel or the President, in order that an impartial judgment on the course of conduct or action to be taken in the best interest of the Company may be reached.

Ours is a large business, engaged in many different activities and touching many outside organizations and interests. So it is clearly impossible to anticipate and rule specifically on every type of relationship or transaction that might involve such a conflict or give other cause for criticism. The principles involved, however, are clear. The important thing, therefore, is that everyone should be aware of and understand these principles, and should have a determination to live up to them and to their spirit.

We feel sure that we may count on the continued cooperation of all our Officers and employees in carrying out the spirit of these policies.

—ROGER HULL, President.

ficer or agent have an interest. Here again the question of remoteness may be of importance as well as other matters which would determine the desirability of the purchase from the viewpoint of the company.

A director, officer or employee applies for a mortgage loan on his home. What are the possible areas of conflict, misunderstanding, or criticism in such a transaction?

The company proposes to purchase an aeroplane or car which it will furnish for the business and/or personal use of the principal officer and/or officers. What is the necessity for such purchase, to what extent will the plane or car be used for business use and to what extent for personal use, and what is the basis for such personal use? May such use be justified as incidental to the main use of the vehicle? If not, is it extra compensation?

The company proposes to engage quarters in town for the use of commuting and traveling officers detained in town on company business. What is the necessity or justification for such quarters and what are the reasonably satisfactory alternatives? To what extent would they or should they be used beyond precise company business such as by an officer and his wife on a weekend night? What are the opportunities for misunderstanding of any such usage by employees of the company or the public in general?

CHARGES OF FAVORITISM

The company proposes to appoint a relative of a principal officer to a position in management. The question of nepotism must be considered, viewed in the light of the company's general policy, the directness or the remoteness of the relationship, opportunities for and indeed restriction on advancement as affected by the relationship, employee relations and company morale involved in whispered charges of favoritism, and such questions?

Security underwriters, in conjunction with foreign countries, organize trips for principal or investment officers and the transportation and entertainment are provided without expense. Sometimes wives are included. The purpose of such trips may be to give broader perspective, a firmer base for knowledge, and afford opportunities for valuable contacts on such a trip as well as opportunity for exchange of information and views. On the other hand, what are the disadvantages of the acceptance of such an invitation, such as accusations of officers being placed under obligations and other public relations questions that must be appraised?

This is probably a sufficient cross section of public relations and ethical problems that arise to point up the kind of question raised. I make no attempt to formulate the reasons for or against any particular action, or as I have said, to seek an answer. Many times the very problem is raised because of the advantages to the company which affirmative action would give. Likewise, no attempt is made to indicate the degree of directness or remoteness of interest or relationship which inevitably must influence a decision. However, the degree of remoteness should not necessarily excuse the necessity of consideration under the formula. It is the failure properly to determine the degree of interest or remoteness which may lead to the embarrassment we should seek to avoid.

Let us assume, then, that the President or a management officer, has identified the problem and, bceause the answer is not immediately clear, wishes to seek advice. To whom should he turn?

SOURCES FOR ANSWERS

There are two major sources in every company which should assist in supplying the answers. These are the General Counsel and the officer charged with public relations.

First of course there is the basic legal question to be disposed of and this is probably the easiest of the lot. Then I would suggest exploration of the following questions, not necessarily in the order of their importance:

- Is there a true ethical question involved and if so, what is the answer?
- What is the proper interest of the company itself (and of its stockholders or policyholders) in the proposed action? Does it strongly support or oppose it?
- Are there governmental regulatory policies which would affect the decision?
- Is the action subject to possible misunderstanding, such as by the company directors, employees, stockholders, policyholders, or by public representatives, such as the press, the Federal government through its power of inquiry, or other sources. If so to what degree and what are the possibilities of dissipating such misunderstandings?
- What are the necessities of full disclosure at the time action is taken? This necessarily must be examined in

You seek experience every day,

you look for it in the people to whom you entrust your health, your legal matters, the education of your children, the care of your money, the maintenance of your car. You look for experience in every important choice you make. For when you seek experience, you also seek the peace of mind that comes with knowing you have chosen wisely and well.

So it comes as no surprise that so many overseas travelers put their trust in Pan American. For over the years Pan American has established itself as the *World's Most Experienced Airline.*

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From the moment you choose Pan Am—you share in the rewards of this experience. You have a feeling of confidence to be enjoyed every moment of the way.

The Priceless Extra is reflected in everything that Pan Am does. You see it in the expertness and courtesy of Pan Am people on the telephone and in the ticket office. You see it in the faces of Pan Am personnel—veteran U. S. pilots and flight crews trained to exacting U. S. standards. You see it in the spotless perfection of your airplane, inside and out. You see it in the efficient flight attendants, their gracious service, the delicious food.

Pan Am flies the world's largest over-ocean Jet fleet. No other airline can compare with Pan Am's service to 80 countries on all 6 continents of this wide and wonderful world.

Included in the price of every ticket is Pan Am's Priceless Extra of Experience. It costs no extra for this extra peace of mind.

PAN AM

World's Most Experienced Airline

different relationships. Primarily I would be concerned with the Company's Board of Directors, the proper regulatory authorities and the Company's employees and owners. Some action may call for one or the other of such needs.

Primarily, it would seem proper and wise to disclose the facts underlying any reasonably debatable action to the company's Board of Directors and where required to secure the approval of that body. Such disclosure and, as the case may require, such action should be incorporated in the corporate minutes which may be subject to examination by the regulatory or administrative authorities.

Disclosure by the Officers to the Directors even of relatively remote transactions is important both for legal protection and confidence in the management. About the worst thing that could happen is for some transaction to turn up of which the Directors had no knowledge at its inception. This is so important that it may justify taking relatively minor matters of such a nature to a Board in order that it will maintain the feeling that it is fully informed. On more important matters, as lawyers will tell you, a most important defense against such charges as common law waste, etc., is that the Directors were fully informed and exercised their judgment in approving matters. Sometimes criticism only occurs in a new atmosphere such as when an investment has gotten into trouble or when there is an harassing investigation under way; and it always will be helpful at such times to have had the nature of any relationship or other possible charge of impropriety fully revealed at the inception.

AN INVALUABLE ALLY

In the case of companies under regulatory powers, the value of avoiding any charge of concealment is important. This underlines the importance of disclosure under corporate minutes. The confidence of such administration is of tremendous value to a company, and the same reasons which should motivate full disclosure to a Board carry through to them. Regulatory support can be an invaluable ally against public criticism where the managers of such a body have been properly informed. While management cannot delegate its function to a regulatory body, there may be at times under questionable matters much to be gained by seeking its knowledge of what is being done or not being done in certain areas and obtaining its views on questions of propriety.

Generally speaking the program suggested should fulfill requirements of disclosure, but there may be situations where further disclosure would be advised, either to the employees or stockholders or others—insurance companies, policyholders or even the public — to avert the very misunderstanding which follows lack of knowledge. This can be done through a company magazine or news bulletin, the annual report or other available means of communication. Some items may suggest notices to the press.

PROTECTING COMPANY OFFICERS

Of primary importance is that when advice is sought and given, it concern itself not alone with the answer to the legal or even the ethical question, but follow through on the whole matter of handling the matter. This involves presentation to the Board, coverage of regulatory authorities and anticipation of any subsequent questioning of the transaction in whatever form it may occur. Only in this way may a principal officer be protected in doing those things which should be done in the best interests of the company and deterred from doing those things which, while possibly not improper, may lead to embarrassment through misunderstanding or unwarranted criticism.

While all this may seem needlessly magnified, it is the only way in which a busy and unsuspecting chief officer may feel assured that he is following a path which is clearly defined, and in which the traps of ethical questions and misunderstandings may be avoided.

A Company-designed Program Can Benefit Itself and All of Its Publics

IBM Shows How to Create a Contemporary Corporate Design Theme

By DEAN R. McKAY

THE VISUAL impression that International Business Machines gave a half dozen years ago, was sometimes described in publications as "stuffy" or "dowdy." One architectural magazine pointed to the company's old Hartford branch office as a rival to the "proudest of firehouses."

The company, circa 1955 and earlier, had many virtues, but beauty was not necessarily one of them. IBM looked like what it was: the cumulative effect of 40 years of business. It occupied some presentable buildings, and some ugly ones. It built some attractive machines and some that were awkward. Its appearance reflected the eclectic tastes of many men over four decades and the visual impression conveyed was not so much bad as indifferent.

DESIGN CONCEPT DEVELOPED

This was the conclusion that Thomas J. Watson, Jr., then president and now chairman of IBM, had reached in 1955 when he initiated discussions about IBM's appearance with Eliot Noyes, architect and industrial designer. Both men agreed that the impression the company left was diffuse and contradictory to the company's emerging role as a leader in the new technologies. Both men agreed that a superficial face lift was not enough. The modernization of a few machines and the retouching of a few building facades were not going to change the way the world thought of the company or the way IBM regarded itself.

Once the concept of a design program was embraced one idea that had to be faced was: Why not create a corporate design theme—a distinctive color, perhaps, or a common motif? In that way everything from a match-book to a monumental building would become part of an integrated whole.

Noyes vigorously opposed this idea. He contended that any theme, any device is doomed to become hackneyed and dated. IBM's design program, he urged, should have only two constants: it should reflect quality, and it should be contemporary. His advice was accepted, and in early 1956 the program got under way.

Quality design demands at least two things: talented designers and a client that appreciates their work. IBM set out to find the best architects and designers it could attract and to be sure their work was appreciated within the company. By and large, it has been successful at doing both.

Noyes, as Consultant Director of Design, was, in effect, charged with guiding the remodeling of the face of IBM. Recognizing that graphics offer a fast, inexpensive way to make an impact on design, Noyes called upon graphics designer Paul Rand to serve as consultant on that phase of the program and IBM graphics were quickly overhauled.

REDESIGNING ALL GRAPHICS

Rand's first step was to redesign the logotype to provide a sharp, clean corporate symbol. Then he tackled other projects, eventually helping to redesign publications, packaging, machine name plates and the rest of the company's graphics.

As IBM's reputation as a client grew, some of the nation's finest architects and designers were attracted to it. In architecture, for example, the late Eero Saarinen, designer of the United States' embassies in London and Oslo, accepted several commissions from IBM. He designed the company's Rochester, Minnesota, plant and the big new research center at Yorktown Heights, New York.

Another IBM laboratory, now under construction for the IBM World Trade Corporation near Nice, was designed by Marcel Breuer.

The company has been successful in attracting outstanding designers in other areas. In general design, for example, Charles Eames did a prize-winning film for IBM, "The Information Machine," and in March an Eames-designed exhibit, "A World of Numbers and Beyond," was unveiled at the California Museum of Science and Industry in Los Angeles.

EXHIBITS AS EDUCATIONAL TOOLS

This newest exhibit is an educational tool created to dramatize as well as explain mathematics. To do this, it uses everything from simple graphic materials to complicated "prove - it - yourself" machines. One of the exhibit's working models contains 30,000 plastic balls that cascade over 200 steel pins to form, each time they fall, an identical curve to illustrate the theory of probability. Another, a big cube containing 512 electric light bulbs, enables visitors to "see" the squaring and cubing of numbers as well as some elusive algebra theorems.

The exhibit has received widespread attention in the press. It has been hailed both as an educational tool, and for its inherent beauty.

Exhibits, of course, are an old part of IBM's promotional efforts. The company, though relatively small in 1939, had an impressive exhibit at the New York World's Fair. More recently, it had its own building at the Brussels World's Fair, 1958, and had a major display at the Turin, Italy fair this summer. Planning for the 1964 New York World's Fair is already under way.

It was, in fact, the first New York World's Fair that created the IBM trav-

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International Business Machines electric typewriter business began with this model in 1935; today (right) it looks like this. Dramatic re-styling gives it graceful, modern lines.

eling exhibits. Artwork, representative of the various states, was gathered for that fair and proved so popular that it later became a traveling show. Subsequently, other shows were assembled and today the company has seven shows in almost continual exhibition. Among them are two science exhibits; a collection of handsomely made models of Leonardo da Vinci's inventions; and a collection of antique calculating machines. Last year the art and science shows were seen by a million and a half people.

PHOTOGRAPHS AND PAINTINGS

The company, in addition, maintains a small art gallery adjacent to its headquarters in New York City where various art, design and scientific exhibits are rotated through the year. Among last year's more noteworthy shows was a collection of Grandma Moses' paintings gathered to celebrate that talented lady's 100th birthday. Another, which received widespread attention, was two collections of photographs by Henri Cartier-Bresson. Some 33,000 people, over two months, visited "The Decisive Moment."

The corporation's window displays also fall into the design program area. Some hundred of the company's offices, all those with windows facing busy streets, receive fresh displays monthly. The displays are generally simple and in most instances promote machines or services of the company.

Since design touches almost everything a company does, it must have the support of almost everyone within a corporation. Therefore IBM has been conducting a company-wide education program on design. At one time or another during the past five years many methods have been used to explain design's role in the company.

Annually, models of the company's newest equipment are shown to IBM executives in New York. Movies, for internal use, are made of that presentation and toured through plants and laboratories. Another movie, now several years old, explains the company's graphics design program.

Architectural shows are also used. The latest one, a collection of photographs and models was displayed at the company's headquarters last autumn and is now touring major IBM installations throughout the country.

The results of these continuing internal efforts have been gratifying. Good design is increasingly understood and appreciated within the company.

Coordinating the work of the designers themselves, in a decentralized company such as IBM, is inherently difficult. Company products, for example, are designed in seven different locations in the United States as well as in Europe. Commonly, products from these various design centers find themselves as part of the same computer system in a customer's office. They must look as though they belong together.

To obtain this family identity IBM has established a few rules. Machine height, for example, is standardized. The more subtle elements of design, however, are not amenable to dictum and we have found that they can only be approached through frequent meetings of our design managers. At present, all the company's product design managers meet quarterly to exchange ideas and coordinate efforts, and Noyes visits each location periodically to review each center's work.

COORDINATING GRAPHICS

Coordinating graphics material is not the same kind of problem as we do not look for standardization in the same sense. Each graphics designer is issued a manual, the IBM "Design Guide," that shows some elements of the house graphics style. The corporate logotype has been standardized, as have binders and name plates for machines, and a standard type style as a display face is a connecting thread in all printed material. Standards, however, are no substitute for creativity in graphics, and the only real standard imposed is the standard of high quality.

What is the cost of the IBM design program? It is possible, of course, to isolate the fees paid to consultants and the salaries paid to staff designers, but this does not mean very much. Most of the things they work on would, after all, have to be "designed" anyway. A new office building has to have an architect and architect's fees are usually standard. Some consideration would have to be given to the appearance of a computer. The essential question, then, is not whether designers are used or not. The problem is which designer, and how to create the proper atmosphere to enable the designer to produce his best work.

Design, of course, can cost money in other ways. It can increase the cost of a building or a machine — or it can decrease it. In general, IBM's new buildings are erected at competitive costs-per-square foot for their communities. In general, too, they are regarded locally as fine additions to the community's skyline. Design ideas sometimes cost money. They also sometimes save it.

AWARD-WINNING DESIGNS

The results of the design program, like its costs, cannot really, in the long run, be pin-pointed. The company has won many awards and continuing praise for its results in architecture, graphics and industrial design. It has created a more distinctive and more favorable impression of itself in the minds of customers and the general public. Design has also, very likely, helped the company in recruiting new people. Design has, certainly, given employees a pleasanter working environment.

Such results cannot be translated directly into net profit after taxes. But while the results of the design program may defy measurement, there is no doubt at IBM that they are playing a practical role in the company's success.

This portrait by Sano di Pietro is most familiar painting of San Bernardine known to exist in either art or religious collections. Shown is Saint's famous monogram which he used when he preached and which identifies him in works of Renaissance painters and sculptors.

International Movement Established To Make Bernardine Patron Saint of Public Relations and Advertising

A Saint for Madison Avenue

By MILTON FAIRMAN

AMERICA'S advertising and public relations people may soon have their own patron saint. Under way is a move to place the affluent workers of Madison Avenue under the protection of one of history's greatest mass communicators, St. Bernardine of Siena, a poverty-practicing, 15th century Franciscan friar.

Bernardine was proclaimed the patron of advertising and public relations in his native Italy by Pope Pius XII in 1956. Up to this time, public relations and advertising, as late-comers in history, were among the few crafts or professions operating without benefit of an official patron. Now, however, there is an active movement to establish Bernardine in countries outside Italy as the universal patron of the two crafts.

The institution of patronage dates back to the early Church. During the Middle Ages, when men were intensely concerned with the hereafter, popular devotion assigned a saint or saints to each guild as patrons on the basis of a real or imagined relationship. Thus, St. Bernardine is fitted for his role as advocate for the mass communicators as St. Peter is for fishermen, or St. Matthew for tax-collectors, or St. Crispin for cobblers.

The patronage of Bernardine should appeal to modern practitioners of advertising and public relations. There are lessons to be learned from his mastery of crowd psychology; his direct, fresh, and popular handling of language; and his skill in the use of symbols. Certain aspects of his life and career commend him to today's communicators as they struggle with ethical problems, some self-posed, others raised by their critics.

WANTED: A PREACHER

Italy desperately needed a great preacher in the 15th century. From Sicily to the Alps the land was in civil and spiritual turmoil. The old factionalism between Guelf and Ghibelline continued in violence and feuding. The Renaissance, stirring a healthy ferment in thought and letters, had shaken an ancient faith and reawakened paganism. The Church was rent by dissension—the Great Schism with its popes and anti-popes ended only shortly before Bernardine began his preaching mission in 1417.

As a preacher Bernardine worked in the only medium of mass communication of his time. However, the medium's effectiveness had declined from the zenith touched during the Crusades. Preaching was a lost art. Sermons were abstract, dust dry, unrelated to the daily needs and interests of the people. "Canned" sermons were in vogue and no better than similar products today. The use of Latin by many preachers widened the gap between pulpit and semi-literate congregation.

Bernardine brought new life to the medium. He preached the message of St. Francis of Assisi—"vices and virtues, punishment and glory." The story line was certainly not new, but Bernardine reworked it, incorporating a freshness and vitality that re-established the pulpit and developing a method of preaching which is still emulated.

BERNARDINE'S TECHNIQUES

The little Franciscan used techniques that are basic in communications today. He talked to the level of his audience. His illustrative material was taken from

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life in the cities and towns on his itinerary, and people readily identified with his simple parables. He often relied on local color for his effects—referring to the armorers of Venice, the cunning of Florentine merchants and the girl-chasing of Sienese youths. Local references were supplemented by the use of local idioms — a considerable feat in 15th century Italy with its many dialects.

Bernardine's manner was informal, and he usually spoke in an easy, conversational fashion. He was capable, however, of shifting his style according to the demands of his text or the need of the occasion. "Vices and virtues, punishment and glory" provide a wide spectrum, and each band of the spectrum was given appropriate treatment.

Humor and mimicry were in Bernardine's kit, and witnesses attest that he could imitate animals—birds, bees, chickens, frogs—without losing his dignity. "You know what a frog does? A frog cries 'coua, coua, coua.' . . . In like manner the slanderer, when he wants to slander, cries 'coua, coua, coua.' " He turned to common metaphors: thus, the rich wear "more clothes than an onion." Frequently he introduced dialogues in his sermons, playing both roles to the delight of his audience.

SAINT AND SHOWMAN

Bernardine was not averse to showmanship in building an audience, using tactics that might draw a Federal Trade Commission citation today. On one occasion, in Perugia, he announced that he would produce the devil. A record congregation assembled for the event. Building to a climax, Bernardine ordered each person to face the one next to him. "Look!" he cried, "there you see the Devil!" And he proceeded to berate his listeners for their sins. On another occasion he promised to have a special message from Heaven. The news spread and thousands turned out. Bernardine then calmly picked up his Bible and read an appropriate text as his "special" message.

As a purposeful communicator, Bernardine included shock treatment in his techniques. One sermon on marriage relationships is so explicit that modern commentators retreat blushingly from it. In several other instances, his earthy comments do not fit the profile of a plaster saint, and are embarrassing to his Franciscan biographers. To be remembered is the fact that he was a Renaissance friar communicating to a Renaissance audience. The full flavor of Bernardine's *ad lib* sermons has been preserved through the industry of one Benedict, a Sienese clothworker, who made a shorthand transcript of a course of 50 sermons given in Siena in 1427. Benedict transcribed literally, including Bernardine's asides, his animal imitations, his hesitancy as he groped for a scriptural text, his asides to members of the congregation, even his fluffing of a quotation from Dante. It is largely on Benedict's labors, faithful as a tape recording, that Bernardine's reputation as a communicator in the modern manner is based. Only the timbre and inflections of his voice are lacking in the transcript.

Patron Saint San Bernardine de Siena used this outdoor stone pulpit in Viterbo, Italy.

Large audiences required a large-voiced preacher and Bernardine was hailed as "The Trumpet of Heaven." At the start of his mission, his voice was weak and affected by a stammer, but he rebuilt it through practice and prayer. Contemporaries agree that he easily met the challenge posed by large churches such as Florence's Santa Croce, or the open vastness of Siena's Piazza del Campo, where Benedict recorded him.

In lieu of a Trendex or opinion surveys Bernardine had his own effective methods, using the talents of Brother Vincent, a fellow Franciscan who served him as secretary and companion for 22 years. Vincent was responsible for the small travelling library. He arranged for sermons, and signalled their start and close—an important duty since they might run to two hours. But he also mingled with townspeople, absorbing local color, and moved through the congregation, noting reactions and comments, and reporting all to the preacher.

THE MONOGRAM—A SYMBOL

Bernardine understood the power of visuals and devised a monogram which is one of the most widely-used symbols in the Roman Catholic Church today. To dramatize devotion to the name of Jesus as a means of discouraging cursing, he introduced, while preaching in Volterra in 1428, a tablet in which the Greek letters IHS (an ancient abbreviation for Jesus) were centered within a sunburst. Bernardine held this monogram before him while he preached and it met with immediate success. As a means of checking family rivalries, he encouraged noble houses to display the monogram in place of their coats-of-arms. The symbol was emblazoned on palaces and public buildings, and appeared on the lintels of humble homes throughout Northern Italy. It became Bernardine's trade-mark, identifying him in the works of Renaissance painters and sculptors, and eventually involved him in a charge of idolatry.

The charge came in a typically busy year, while Bernardine was preaching at Viterbo, where his outdoor pulpit still carries the monogram. Pope Martin V summoned him to Rome to answer the charge, which was probably inspired by rivals. A commission was named to investigate, and Bernardine was forbidden to use the monogram, pending the outcome of the trial.

News of the charge reached Naples, where Bernardine's friend, St. John of Capistrano was preaching. John (to whose California shrine the swallows return each year) hastened across the Apennines to defend Bernardine. Unaware of the papal prohibition against the monogram, he stormed into Rome at the head of a procession displaying the sign on banners. An able canon lawyer, he argued Bernardine's case and secured his acquittal. Martin V took part in ceremonies celebrating Bernardine's vindication, had him preach for 80 days in Rome, and offered him a bishopric, one of three which the saint refused. The accusations were renewed in 1431, under another pope, Eugene IV, who exonerated Bernardine again.

Wherever the modern traveler goes in Northern Italy he will find Bernardine's monogram. It dominates the concave façade of Siena's Palazzo Pubblico, a replacement for the arms of the Visconti family. It rises above the main portal of Santa Croce in Florence, and stands high on the convent wall at Assisi. It commands a drawbridge to the massive palazzo of the princes of Este in Ferrara, although no trace remains of a neighboring convent erected in Bernardine's honor by an Este princess, the former Lucrezia Borgia.

THE INFLUENCE OF BERNARDINE

Bernardine's sandaled feet took him into virtually every city and hamlet of Italy north of Rome. His presence was sought not only by the people and the bishops but by the civil authorities as well. His teaching settled internal warfare; in Crema, for example, he brought about the recall of political exiles and the

> "As soon as I enter my cell, I leave all insults and affronts outside the door, nor does the thought of them ever recur to trouble or molest me."—**St. Bernardine to friends, at a time he was accused of idolatry.**

restoration of confiscated estates. Many cities revised their codes to incorporate "the reforms of Brother Bernardine." His attacks on gambling and excessive luxury inspired "bonfires of vanities" in many cities, and his campaign against usury paved the way for the founding of the beneficial loan societies.

Bernardine preached peace and brotherhood and denounced the excesses of his time. Unlike some preachers of the day, he attacked no class, but assailed the evils common to all strata of society.

An example of his preaching powers is provided by a contemporary chronicler in Vicenza. Bernardine's sermon on May 9, 1423, drew "25,000 citizens and countrymen." On the Feast of Corpus Christi on June 3, some 30,000 joined in the procession. On June 20, his sermon brought "20,000 persons of every condition." Summing up, the chronicler states: "And it is true, and not a lie, that he brought to an end many enormities that were committed partly through malice and partly through ignorance, and he brought the peace to the citizenry."

Bernardine's popularity in Vicenza was typical of that he enjoyed throughout his career. Since his message was not new, his ability to attract and hold vast audiences must be ascribed to his techniques and personal magnetism. He is depicted as an attractive figure—slight of build, with a noble oval head which was marked by a long, straight nose and a small mouth. Witnesses noted his articulate eyes and hands, with which he communicated in true Italian fashion. Contemporaries commented on his unfailing calm and cheerfulness—qualities which continued until the moment of his death on May 20, 1448 in a convent in L'Aquila. His passing was mourned in the scores of towns where he had preached; he was given a funeral of great splendor; and his body now rests in an ornate basilica honoring him in L'Aquila.

A GREAT COMMUNICATOR

His canonization only six years after death recognized Bernardine's sanctity, but modern students will find him an interesting figure primarily because of his greatness as a communicator, spiritual leader and organization man, in the best sense of the word. When he entered the religious life, the mendicant friar was not a popular figure in Italy. The Franciscan order was troubled by internal conflict in efforts to reconcile St. Francis' ideal of poverty with practical considerations. Bernardine elected to identify himself with a lesser branch of the order —the Observants, which had only 20 friaries and 120 brothers. Despite his heavy preaching schedule, he devoted himself to internal organization and leadership, bringing harmony within the order and building the Observants into a disciplined force that numbered, at his death, 4,000 friars and 300 convents.

BERNARDINE AS A PATRON

The move to obtain Bernardine as the patron of public relations and advertising people was initiated in 1954 by Dr. Fosco Marranci, an advertising man of Bologna. Following the Pope's action in regard to Italy, Dr. Marranci began a correspondence with fellow professionals in other countries. His hope is that in each country interested members of the professions will urge their bishops to petition the Pope for the nomination of St. Bernardine as a *national* patron and thus eventually bring about his international patronage.

As a result of these moves, national action has been initiated in France, in Belgium and in the Netherlands. A special mass is now celebrated on March 20 —the anniversary of Bernardine's death, and his feast in the Calendar of Saints— in Bologna, Brussels and Paris. Also devotion of Catholic advertising and public relations people is centering on a shrine to Bernadine in Massa Marittima, Italy, where he was born. The church, the first to bear the saint's name, was recently reopened with the support of the Italian professions, after having been closed to worship for two centuries.

As American members of the communicating professions make the necessary moves to secure Bernardine as a patron they deserve the encouragement of their associates regardless of creed. Bernardine's sense of faith, his mastery of techniques, his devotion to peacemaking, and his gentleness and humor lift him above sectarianism. They are needed today, as they were 500 years ago. What better gift than a patron saint for the men who have everything?


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AMERICAN
BLENDED WHISKEY

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Publicity Can Be Engineered or Just Happen—
But Its Major Spark Is in the Written Word

Making the Mountain Taller

By CLIFFORD D. OWSLEY

IT'S NOT ALWAYS the highest mountain that gets the tallest reputation. It's not always the biggest deed or event that catches popular fancy to win a niche in fame's fickle hall.

You and everybody else have heard of Pike's Peak. It has a reputation, a certain fame. But did you know there are 30 peaks in Colorado higher than this famous one?

How many people know Mt. Elbert, towering 14,431 feet — 321 feet taller than the Pike? Or the LaPlata, Blanca, Uncomphagre, the Lincoln, Gray or Torrey? All of these and 23 others in that vertical state are above Pike's Peak—in every way except reputation.

THE MAGIC SPARK

What made the difference? Publicity—with that magic spark. Pike's Peak caught the public's attention; it got talked about. Publicity as used here to mean anything that propels a subject into some lasting public notice; it may be engineered or may just happen. And what is the spark? It can be many things. Spoken words repeated into a popular slogan—as with Pike's Peak. A chance remark at destiny's chosen moment—as with Bernard Bee in the midst of battle shouting, "There stands Jackson like a stonewall." But most often you will find the spark in written words, often a single piece of writing, sometimes a poem.

While publicity can rarely make a mountain out of a molehill, it can cause one mountain or one event to live on in people's minds while similar and larger ones sink into obscurity.

In the gold rush of 1858-59, the slogan "Pike's Peak or bust" was the rallying cry of prospectors traveling West. The Peak, standing in isolation above the plains, was a sign post en route to their dream of wealth. Thus, through the slogan Pike's Peak has made its taller neighbors appear by comparison as molehills.

Familiar legend has it that Mrs. O'Leary's cow kicked over a lantern in a barn and started the great Chicago fire of October 8, 1871, with a $187 million property loss. But how many people know that on the same night a fire far bigger and more destructive in human lives occurred a short distance away in Wisconsin? There, small brush fires were fanned by winds to become a roaring tornado of flames. Within 24 hours 1,250,000 acres of forest went up in smoke and at the little town of Peshtigo 1,500 people perished in the holocaust. This was probably the most destructive forest fire in the history of the world, yet very few people ever heard of it.

THE CLUMSY COW

One of the reasons probably is that the Chicago fire happened at the same time. Chicago had a number of good-sized newspapers and reporters were stationed there representing newspapers in other parts of the country. So, by being publicized this fire caught the public's attention, while the bigger Wisconsin fire was largely ignored and has now been forgotten.

The barn on DeKoven Street, and Mrs. O'Leary and her clumsy cow made a colorful bit of folklore that no doubt has helped to keep alive the name of the "great Chicago fire." In reputation, Peshtigo has been left in ashes while American folklore keeps Chicago ablaze.

Another case in point is that of James Rumsey. You haven't heard of James? But he built the first steamboat. You thought it was Robert Fulton. So does everybody else. Robert Fulton's famous success came in 1807 on the Hudson River near New York City. James Rumsey had a steamboat operating on the Potomac at Shepherdstown, West Virginia, in 1789 — nineteen years before Fulton's successful boat. Fulton is credited by Webster's Dictionary with building the first *profitable* steamboat. Maybe Rumsey's boat was not *profitable*, but it was a steamboat and it worked and it was in existence 19 years before the one that steams on through history as *the first*. Why? Robert Fulton saw to it that his first run was a big event; it was well covered by the dominant and nearby New York press.

Sometimes a man is lost in the magnitude of his deed. Here is a curious example of that. The man's deed has been immortalized while he has been forgotten. And one piece of writing, a famous essay, is largely responsible. All of you have heard of "A Message to Garcia." But how many know anything about Andrew Summers Rowan? He carried the message, only to have the message outshine him. In 1898, U. S. Army Major Rowan trekked through rebellion-torn Cuba to seek out the insurgent leader, Iniguez Garcia. He was sent by President McKinley to get secret information on the strength of Garcia's forces and to find out whether Garcia would cooperate with the U. S. in the war with Spain. His exploit was so successful that he was promoted to Lt. Colonel and given the Distinguished Service Cross. In 1923 he wrote and published a book, *How I Carried the Message to Garcia.*

EXAMPLE OF INITIATIVE

Was it Rowan's deed or his book that carried the "message" to fame? It was neither. Both have been forgotten. The magic spark was an article in the March, 1899 *Philistine* Magazine written by a quiet, literary man by the name of Elbert Hubbard. And the article was not even about Rowan's exploit at all; the

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deed was used by Hubbard as an example, or starting point, for a discussion about initiative and getting things done without being told every detail. Here's about all Hubbard said of Rowan: "The point I wish to make is this: McKinley gave Rowan a letter to be delivered to Garcia; Rowan took the letter and did not ask, 'Where is he at?' By the eternal! There is a man whose form should be cast in deathless bronze and the statue placed in every college of the land."

That wasn't done either. The only enduring statue that has been built to the whole business is in the publicity that one piece of writing gave it — Elbert Hubbard's famous essay "A Message to Garcia."

BLUNDER OR BRAVENESS?

Publicity—through the medium of one poem—in at least one case accomplished something as difficult as making a mountain out of a molehill. It turned a colossal military blunder into a heroic saga and propelled it into our lasting literary heritage. The poem? Alfred Lord Tennyson's "The Charge of the Light Brigade."

Tennyson read in the *London Times* of this debacle and then set it to poetic music. The blunder was not entirely ignored by the poet; he mentioned it, but glorified the brave men, which of course was a part of it. The occasion was a battle, if you can call it that, between the British and the Russians at Balaklava on October 25, 1854, in the Crimean War. Somebody gave the wrong order. Unable to see the position of the enemy, the Light Brigade charged straight into the Russian guns. Within minutes 247 men were killed or wounded. And, through Tennyson's poem, into our common language "Rode the six hundred."

All of us know of Paul Revere and his "Midnight Ride"—from Boston to Lexington April 19, 1775. But how many of us know of Israel Bissell and his ride. He rode the same night — a much greater distance and accomplished a deed that seems greater than Revere's.

RIDING INTO IMMORTALITY

En route to Concord that night Paul was intercepted by the British and forced to walk back to Lexington. As he was taking the footpaths back, Israel Bissell was riding hard from Watertown, Massachusetts, toward Philadelphia. Bissell rode four days and six hours to take the news to the Continental Congress that war had begun.

Henry Wadsworth Longfellow neglected to tell us of Revere's misfortune. And chose not to eulogize the four-day ride of Israel Bissell. The bigger deed was forgotten, while through his poem, the poet sent Paul Revere riding into the literature books and immortality.

Rudyard Kipling wrote of an ancient legend that told how a man, first achieving a notable deed, wished to explain it to his tribe. "As soon as he began to speak, however, he was smitten with dumbness, he lacked words and sat down. Then there arose—according to the story—a masterless man, one who had taken no part in the action of his fellow, who had no special virtues, but afflicted — that is the phrase — with the magic of the necessary words. He saw, he told, he described the merits of the notable deed in such a fashion, we are assured, that the words 'became alive and walked up and down in the hearts of his hearers.' Thereupon, the tribe seeing that the words were certainly alive, and fearing lest the man with the words would hand down untrue tales about them to their children, they took and killed him. But later they say that *the magic was in the words*, not in the man."

NOT THE WHOLE STORY

The magic *is* in the words, as these examples prove. But that is not the whole story; something had to be there to inspire the words — the mountain, a big Chicago fire, a *profitable* steamboat, a man carrying a message, a commendable midnight ride.

Lest we give publicity—words with a spark of life in them—too much credit, there's one point worth remembering: they can add popular stature to an event or a mountain, but they can't make the mountain. Pike's Peak is a mountain, not a flat piece of prairie.

Bahamas Development Board

Ups Tourist Volume

And Investments

With Good Public Relations

Bahamian sloops race through harbor during Seventh Annual Out Island Regatta.

How to Make the Tourist Business an Industry

"ONE OF THE most frequently appearing mistakes in the economic appraisal of the industrial development of a country or a community is to assume that by industry we must somehow mean manufacturing, and smokestacks, and vast rows of machinery turning out boatloads or carloads of this or that.

"By our own definition, industry is an organized, capitalized effort of business people to serve some common and important need of a major part of the population. By this definition, the tourist business is as much an industry as the production of automobiles or bread."

The author of this statement is Earl T. Van Scriver, executive vice president, First Research Corp., Miami, Florida. One of his jobs: to research tourism for the Bahamas Development Board, a department of the Bahamas government.

NEED FOR RECREATION

Van Scriver continues, "A major part of the population of this competitive and complex world has a desire to travel, to seek new places and to learn, and a real need to obtain recreation. The strength of the demand for tourist facilities is obviously a relative one, depending on the living habits, the standard of income, and the individual situation of each person. Not everyone wants an automobile, not everyone wants to travel. Some can afford neither. Yet the market demand—the opportunity for mass production of tourist opportunity or mechanical goods—is simply a relative matter."

To meet and create this market demand through public relations, Hill and Knowlton was selected by the Development Board, in 1954, to operate a news bureau headquartered in Nassau. Its objectives are to heighten the basic economy of the Bahamas, tourism, both to Nassau, its capital, and the Out Islands and to interest investors. This is accomplished by supplying both 'hard' news and promotional feature material for the local and international press.

"The bureau," says Joe Copps, senior vice president, Hill and Knowlton and supervisor of the Bahamas account, "operates behind one single word, 'accuracy.' The press demands it and depends on us to provide honest coverage. Our public relations function supplements, but of course, doesn't take the place of the working reporter. We use no specialized techniques, but we do maintain an operation in Nassau which in a sense is similar to a wire service or the city room of a big commercial newspaper."

Staffing the bureau are Carl Livingston, director of publicity; Mike Finn, account executive (New York); Morgan Goodwin, news editor; Sheldon Nulty, sports director; Don McCarthy, fishing editor, and Paddy Roberts, society editor. A breakdown of the staff's job functions shows five writers and five photographers—with secretarial assistance it totals 16.

The bureau also maintains offices in New York and Miami.

NO JOURNALISTIC GUESSING

The bureau's news policy is strict and enforced: Bad news is not hidden. If an unfavorable item breaks, it is released to the press immediately. This eliminates the possibility of the story being played up piecemeal for a few days and prevents a lot of journalistic second guessing.

In 1958 Nassau was hit with a major general strike. It paralyzed the entire economy of the Bahamas. The bureau is-

sued daily reports and told the press that "we don't know when the situation will clear up, but here's a fresh travel story with pictures—we'll wire you when the strike is settled so you can release the story if you wish."

When the strike was settled 19 days later, the bureau sent out a release stating that the "Tourists have arrived and the situation is well in hand." The travel story was picked up and published by many papers.

Some months ago the *New York Journal-American* received a tip that Cuban exiles were being trained for an invasion of Cuba. The training spot was rumored to have been the Bahamian Out Island of Andros. The newspaper called Carl Livingston. The answer: the story is false—and it was.

"Good" news stories are also, of course, released. When His Royal Highness, the Prince Philip, Duke of Edinburgh, visited the Bahamas and the Out Island Regatta at George Town, Exuma, in 1959 press coverage was high.

FAVORABLE REACTION CITED

This "honest news policy" apparently pays off in respect and coverage. Paul Friedlander, travel editor, *The New York Times,* describes Hill and Knowlton favorably: "During the strike Hill and Knowlton gave me more accurate, solid, quicker information on the phone and wire service—it was better than having a stringer or a news bureau. I never have to worry about the facts they send me. Many public relations people answer requests with, 'Well, we'll see if we can get it.' Then they take four days in spite of the fact that you're on a deadline. Nassau answers queries fast and accurately. I haven't had lunch or a free drink with anyone on the Nassau account for ten years. They don't have to. The Nassau material speaks for itself."

The bureau's photographic policy has been quite successful, too. While some tourist public relations offices send out exclusive photos to media, the Nassau office goes one step further. They send out the negatives as well. Each group of pictures is mailed to travel editors and is headed with, "This packet exclusive to the (name of newspaper). Picture photographed especially for your newspaper."

PHOTOGRAPHIC COVERAGE

A morgue containing approximately 36,000 black and white negatives and prints is maintained under the supervision of Joanne Maura. The files contain such major headings as Out Islands (there are 700 such islands with 20 inhabited), regattas, hotels and guest houses, fishing and Island tours. Under fishing, for example, subclassifications hold pictures on tuna, marlin, snapper and barracuda.

The staff covers and promotes such events as — The Miami-Nassau Ocean Yacht Race (February), The Nassau Cup Race (a 30-mile ocean race held in February), the Miami-Nassau Ocean Power Boat Race (April), the All-Women's International Air Race (May) and Speed Weeks attended by the top sports car racing drivers in the world (this year from November 27 to December 10—the ideal kick-off activity for the winter season).

Stories developed from these and other events and interpretive material, both on paper and on still and motion picture film, are sent and are available to the press. Of course, standard publicity photos and stories are also released.

INTERVIEWS WITH TOURISTS

Hill and Knowlton has also developed a Home Town News Bureau which operates on a premise used by most resorts, but is nevertheless extremely effective. Here's how it works. Each day the society staff goes through the immigration cards filled out by the newly arrived tourist. Various names are selected and the society editor calls the visitors at their hotel to request an appointment to photograph and interview them.

When the invitation is accepted, the shots are made and sent to the visitors home-town newspaper. End result: friends of the tourists see the picture in print and decide to "keep up with the Jones' " by also going to the Bahamas. The tourists who posed for the photograph get prints on their return home and six months later receive the negative and a brief note which suggests they come back for another visit.

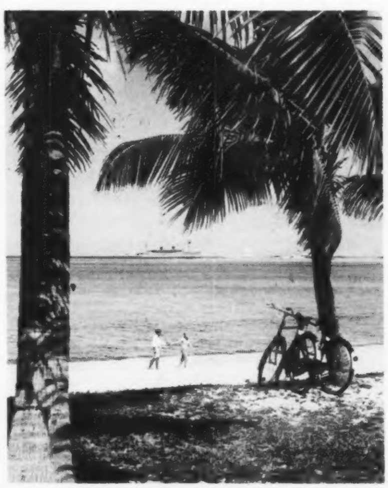
Special convention groups have also been successfully appealed to. Among those who visited the Bahamas were employees of Fedders, J. I. Case, General Electric, Bell Telephone, IBM, Hotpoint, Standard Oil of Indiana, Minneapolis Honeywell, Shulton, Philco, RCA Victor, American Broadcasting Co., R. H. Donnelley Group and Mutual Benefit Life.

A "Passport to Nassau and the Bahama Islands for Private Fliers" has helped lure the independent pilot. It contains maps of island air fields, a place for government stamps and transfers and a flight log. Adventurous tourists have been appealed to through a publication called "Where to Find Skin-Diving Equipment and Facilities in Nassau and the Out Islands."

This summer a new movie, "Wings to the Bahamas," was shown over the NBC-TV network. Produced by Pan American World Airways, the film was well received. Upcoming: "Bahamas

Bahamas News Bureau Photos

Past a quiet church at Tarpum Bay in the Out Island of Eleuthera, this vacationing couple join hands during a seaside stroll.



With their bicycles leaning against a palm, two tourists walk along Nassau beach. In background, one of visiting cruiseships.

This combination of elements—Bahamian with pack and surrey — is most photographed Nassau site by camera hobbyists.

George Constantine, Southbridge, Mass., public relations man, in his big Kelischev, rounds a turn in Nassau Trophy Race.

Prince Philip, right, leaves reception stand to begin tour of British colony with Sir Raynor Arthur, Bahamas Governor.

Holiday" to be distributed through Universal Pictures to theaters around the world and "Bahamas Paradise" produced for the Development Board.

"It would be silly to measure our efforts by the masses of clippings we get," says Livingston. "They are so numerous that one month we received a clipping bill for $1,500. We have since then instructed our service not to clip material worth more than $200 per month."

A FEW RESULTS

Here are some of the more definitive results:

- Tourists visiting Nassau and the Out Islands exceeded 200,000 for the first six months of this year, four per cent above 1960.
- During 1960, 305,553 visitors came to Nassau, an increase of 573.5 per cent over the 1950 total. An additional 36,424 visitors went directly to the Out Islands raising the overall tourists count for the Bahamas in 1960 to 341,977. The total increase 1959-1960 was 29.2 per cent.
- Tourist accommodations last year resulted in a bed count of 5,256 in Nassau; 2,088 in the Out Islands, or a total of 7,344 throughout the Colony. This compares with a total of 1,465 for the islands in 1950.
- The Bahamas have also become one of the most popular "strips" for Caribbean cruise ships. In 1950, the Bahamas hosted a total of 9,872 cruise passengers as against 14 times as many last year—or 135,312.
- Traditionally a winter resort, the Bahamas is fast becoming a summer resort as well.
- During the past decade tourist expenditures have constituted the largest single source of income for residents of the Bahamas. In 1950, tourist expenditures from dollar sources amounted to an estimated $11,400,000. In 1960, tourist expenditures exceeded $51,500,000, or more than 4.5 times greater than in 1950.
- Construction and hotel employment are also on the increase.

The major part of the Bahamas government revenue is either directly or indirectly derived from the tourist. Tourists contribute directly to government revenues by payment of a departure tax, by purchase of postage stamps, or by use of telephone and telegraph facilities. This increased revenue has meant more schools, more hospitals, better roads and more public facilities.

BIGGER BUSINESS INVESTMENTS

The objective of getting investors is also paying off. Approximately 14 small companies are now in operation producing such items as gin, cigarettes, textiles, plastics and bleaches.

At West End, Grand Bahama, 1960 saw the opening of the Bahamas' largest resort facility. At Marsh Harbor, a new holiday club opened. On Eleuthera, a $200,000 expansion program was completed. Two of the largest American banks established branches in Nassau.

"The program has worked out," says Finn, "because the client knows the value of good public relations. They don't get a heart attack if we release a story on an unfavorable event. They know it has to be done—and also that favorable stories will be run more often."

The Bahamas Development Board's budget for public relations, publicity, promotion, advertising, special events and sales offices totals $2,200,000 annually. The cost per visitor is now $7.40; in 1949 it was $10.50.

The future? Carl Livingston says, "By 1970 more than 560,000 tourists will visit the Bahamas and tourist expenditures in the islands will rise to the $100,000,000 mark. People love to travel."

—THOMAS J. KRANER

Booklet Prepared for Voter's Protection
Shows How to Eliminate Election Frauds

Republicans Stage Non-Partisan Political Relations Program That Works

By VERA R. GLASER

AS AMERICA approaches the 1962 elections, a little gray booklet is skyrocketing on political best-seller lists, promising to stay at the top at least through 1964's Presidential contest and at most until Republicans and Democrats agree that the specter of vote fraud no longer haunts the polls.

"Are You a 'Shadow' Voter?"—a non-partisan guide for foiling ballot thieves has aroused lively interest among public relations counselors. Its twelve pages contain startling exposés of political skulduggery, plus pointers for the voter's protection.

The pamphlet, produced in the Republican National Committee Women's Division, spearheads a public service campaign started last February. It is writing a different and absorbing chapter in the saga of political public relations.

What is the story behind "Are You a 'Shadow' Voter?"? Why and how was the clean elections campaign started?

THE PUBLIC SERVICE CAMPAIGN

George J. Abrams, chief investigator, Honest Ballot Association of New York, has been warning for years that, "Vote frauds are on the increase. Over three million votes are stolen or lost in every national election."

On the morning after an election it has become almost routine for the losing party to receive letters and telegrams charging the winners with "fraud." Nothing in the past, however, compares with the 135,000 complaints from 25 states which flooded the Republican National Committee beginning with election day 1960 and lasting through the month of November.

Regardless of other differences, however, the political parties do agree on one thing: Backbone of any campaign organization is womanpower. At the precinct level women perform hundreds of small jobs which add up to a winning campaign—stuffing envelopes, typing, ringing doorbells, getting out the vote.

Therefore, in the view of Mrs. Clare B. Williams, Assistant GOP Chairman, her Women's Division was the logical force to combat irregularities at the polls. Republican women, she decided, would pioneer for all voters, regardless of party, who recognize the crucial tie between clean elections and honest government.

DIRECTING AN OBJECTIVE APPEAL

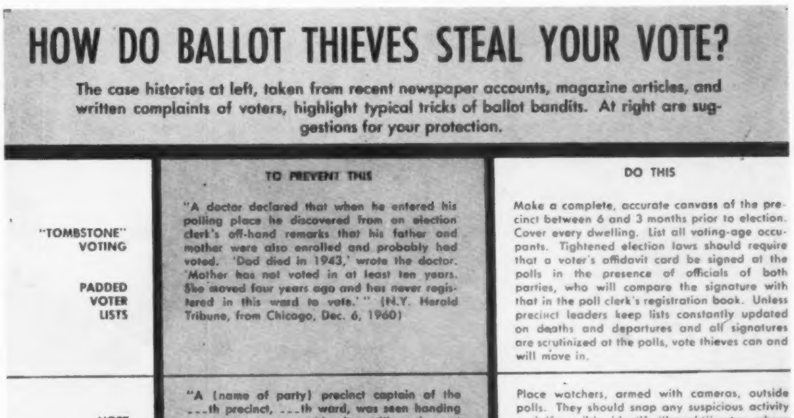
Public relations decision number one at GOP Washington headquarters was to hold action until presidential campaign emotions had cooled. An objective appeal for clean elections then could properly be directed to the pride every American holds in his free elective system.

Four months were permitted to elapse.

Then, on February 27, 1961, for the first time in political history, a practical, comprehensive set of anti-fraud rules was released. Its title, "Are You a 'Shadow' Voter?" refers to the "shadow" status of those whose ballots are illegally nullified.

The murky methods it spells out for voters include "tombstone" voting, padding voter lists, spoiling or disqualifying ballots, jamming voting machines, "floaters," laxity of law enforcement officials, party "phoneys", disqualifying valid vot-

VERA R. GLASER, Director of Public Relations, Republican National Committee Women's Division, Washington, D. C., previously served as a press officer for U. S. Senator Charles E. Potter and on the staff of the NEW YORK HERALD TRIBUNE'S *Washington Bureau.*



HOW DO BALLOT THIEVES STEAL YOUR VOTE?

The case histories at left, taken from recent newspaper accounts, magazine articles, and written complaints of voters, highlight typical tricks of ballot bandits. At right are suggestions for your protection.

	TO PREVENT THIS	DO THIS
"TOMBSTONE" VOTING PADDED VOTER LISTS	"A doctor declared that when he entered his polling place he discovered from an election clerk's off-hand remarks that his father and mother were also enrolled and probably had voted. 'Dad died in 1943,' wrote the doctor. 'Mother has not voted in at least ten years. She moved four years ago and has never registered in this ward to vote.'" (N.Y. Herald Tribune, from Chicago, Dec. 6, 1960)	Make a complete, accurate canvass of the precinct between 6 and 3 months prior to election. Cover every dwelling. List all voting-age occupants. Tightened election laws should require that a voter's affidavit card be signed at the polls in the presence of officials of both parties, who will compare the signature with that in the poll clerk's registration book. Unless precinct leaders keep lists constantly updated on deaths and departures and all signatures are scrutinized at the polls, vote thieves can and will move in.
VOTE BUYING LAXITY OF LAW ENFORCEMENT OFFICIALS	"A (name of party) precinct captain of the ...th precinct, ...th ward, was seen handing money to voters outside the polling place at (...) Drexel Avenue on election day." (Chicago's American, Dec. 1, 1960) "He mentioned one precinct where the policeman ran the election, even taking part in counting ballots." (Chicago Daily News, Nov. 30, 1960)	Place watchers, armed with cameras, outside polls. They should snap any suspicious activity and, if possible, identify "bought" voters whose ballots should be challenged immediately. Have plenty of "cruisers" in automobiles, with cameras, to trail suspected voters to payoff point. Report irregularities at once to chief of police, press, and your county chairman.

This section from "Shadow Voter" instructs citizens on how to control ballot thieves.

ers, chain balloting, vote buying and collusion.

Opposite each type of theft are instructions for its prevention or for apprehending offenders.

Launched with an appeal for support, Shadow Voter's first mailing went to 1,500 civic, educational, public affairs, business, labor, religious, political, farm and philanthropic organizations.

President Kennedy was sent a copy, as were all members of Congress, Governors, state legislators and mayors.

A FLOW OF FACTS

Political public relations, unlike its corporate version, often places heaviest emphasis on publicity. To build support for clean elections, the program led off with a flow of factual information to mass news media.

This was backed up by contacts with public affairs organizations, such as the American Heritage Foundation and League of Women Voters, and with business and labor groups active in politics.

The Republican National Committee's Speaker's Bureau was readied for the lively demand for "Shadow Voter" talks which came on the heels of the booklet's first appearance.

Advertising was not a part of the public relations schedule, since no funds were available.

Taking advantage of the fact that the nation's Capitol is a major news center and the booklet a real political "first," newly-printed copies sped to 1,000 leading newspaper, radio and television correspondents, columnists and editorial writers.

Results?

- A booklet produced under Republican auspices—as this one was—might be expected to wow only the GOP. When it rings the bell with other political publics, that's news. Brisk demand from Democrats and Independents, high schools and colleges, businessmen, union members, lawyers, nonpartisan groups, and just plain folks, has sent "Shadow Voter" into its seventh printing.
- Total distribution: 100,000 copies as of October, 1961.
- Within three months of the booklet's debut, the nonpartisan Fair Campaign Practices Committee, shattering precedent, released a statement of high praise from its New York headquarters. Never before had the Committee endorsed a party publication. Their action underscored "Shadow Voter's" even-handed tone, opening the way for every American to use it in protecting his precious heritage, the right to cast his ballot freely for the candidate and political party of his choice, secure in the knowledge that it will be counted as it was cast.
- The Associated Press and United Press International moved first-and-second-day stories on their wires. Magazines, newspapers, radio and TV devoted news, feature and editorial coverage and support.
- A Capitol Hill chorus sang compliments on both sides of the aisle. Massachusetts Congressman Brad Morse and New York Senator Kenneth Keating inserted praises in the Congressional Record. Representative Widnall of New Jersey proposed an "honest election army" of collegians armed with booklets.
- The Australian and British embassies among others sent runners for copies.
- The U.S. Chamber of Commerce distributed copies to its Political Participation Committee. Unions and corporate managements requested additional copies.

Here are some of the areas in which the booklet has been and will be used.

- Norden Division of United Aircraft, developers of the Norden Electronic Vote Counter, uses it in information programs related to improving elections.
- Union Electric Co. featured it at a three-session program of political education.
- B'nai B'rith Citizenship and Civic Affairs Division plans to tie the brochure into its first vote drive.
- The Borden Co. distributed it to leaders of its Citizenship Training programs at 30 plant operations. Other corporations used it similarly.

"It will take personal courage, skilled poll watchers and honest officials to carry through a reform," the booklet concludes. "But it is a worthy reform, and one that should be demanded by voters of every party. Frauds are a threat to every honest voter."

Evening hours at Institute were devoted to bull sessions with day's class lecturers.

Public Relations Institute
Is Told To Encourage
Speculation and Imagination

Society in Perspective: The Capacity to Handle Change

By KALMAN B. DRUCK

"ETHNOCENTRISM is that universal trait of man that greets us in our discussions this week . . . Everybody knows about being egocentric—ethnocentrism is being culture-centered. It is looking at the man, the ideas and events in any other society from the perspective of your own society."

The speaker was Professor Raymond W. Mack, chairman, department of sociology, Northwestern University. His audience 68 men and women enrolled in the one-week Third Annual Public Relations Institute, co-sponsored by the Public Relations Society of America and Cornell University at Ithaca, N. Y. between August 6-12.

Observing that Americans were not, as yet, realistically ethnocentric, Professor Mack continued by recalling an event that made him squirm a few years ago during one of the recurrent Arab-Israeli disputes, "when I heard a man from a public platform express the hope that the Arabs and the Israelis could settle their differences in Christian fashion!"

PROBLEMS NOT ON PAPER

Many kinds of thought leaders were present at the Institute to help the registrants take an ethnocentric look at the world. At the same time—and this is what gave each session its high level of excitement—the members who attended and actively participated in discussions represented a broad cross section of the larger corporations and counseling firms, responsible executives to whom the matters under discussion were no paper problems but real and disturbing facts of everyday life.

Each session proceeded along these lines: the speaker addressed the class for about an hour, leaving another hour for questions-and-answers. This give-and-take was continued long after a particular session ended since discussions went on outside the meeting rooms, in the dormitory, at meals, so stimulating were the ideas unfolded.

It was this heightened atmosphere of intellectual excitement that most impressed the members. To describe the feeling is to court failure. But think in these terms: a solid week of intensive concentration on major problems of the times, utterly free from the hourly distractions of our jobs, staged in an informal atmosphere where new facts, new insights and challenging new viewpoints

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KALMAN B. DRUCK, *President, Harshe-Rotman & Druck, Inc., New York, formerly was an executive with Carl Byoir & Associates, Inc., New York, for 20 years. He is a past president of the New York Chapter, Public Relations Society of America.*

flashed and crackled like high-voltage lightning. The Institute was able to give the registrants new perspectives on the world around us, on their own problems and those of their clients or corporate managements.

DEMOCRACY VS. COMMUNISM

On Monday the Institute's first three speakers addressed themselves to the problems of international affairs. John W. Heffernan, chief, Washington Bureau, Reuters news agency, summarized the specific tension areas in the world today, and pointed out the significance of each and made an informed estimate of next steps. Expressing a rather pessimistic view of events in the near future, Heffernan observed that only in the Antarctic was there any real, effective cooperation between the two great powers. "The rather forlorn hope was expressed at the conclusion of the Antarctic treaty," he concluded, "that it might lead the way to more disarmament agreements. The idea is still on ice."

Dexter Perkins, professor emeritus of American Civilization, Cornell surveyed the recent history of U.S.-U.S.S.R. negotiations. He observed that our system of government emphasizes compromise, the only way a democracy can successfully function. Since the Russians, he felt, operate quite differently, our only hope of maintaining the peace is to take clear, forceful stands on each issue, as determinedly as do the Russians.

Robert L. Garner, president, International Finance Corporation, then took the position that Russia is winning her goals without war because our vague economic policies abroad operate on a government-to-government basis. He called for the building up of middle class business leaders in other countries through joint ventures and other forms of private U. S. capital investment abroad.

On Tuesday, August 8, Henry C. Wallich, professor of economics at Yale, headed off the day's session, devoted to the governmental process.

He warned that unless private business makes a more successful effort to provide the services needed by the American people, government would do so. He differentiated between the services that properly belong in each sphere, and observed that, while governmental services are increasing, private business can provide many it now does not, and more efficiently than government.

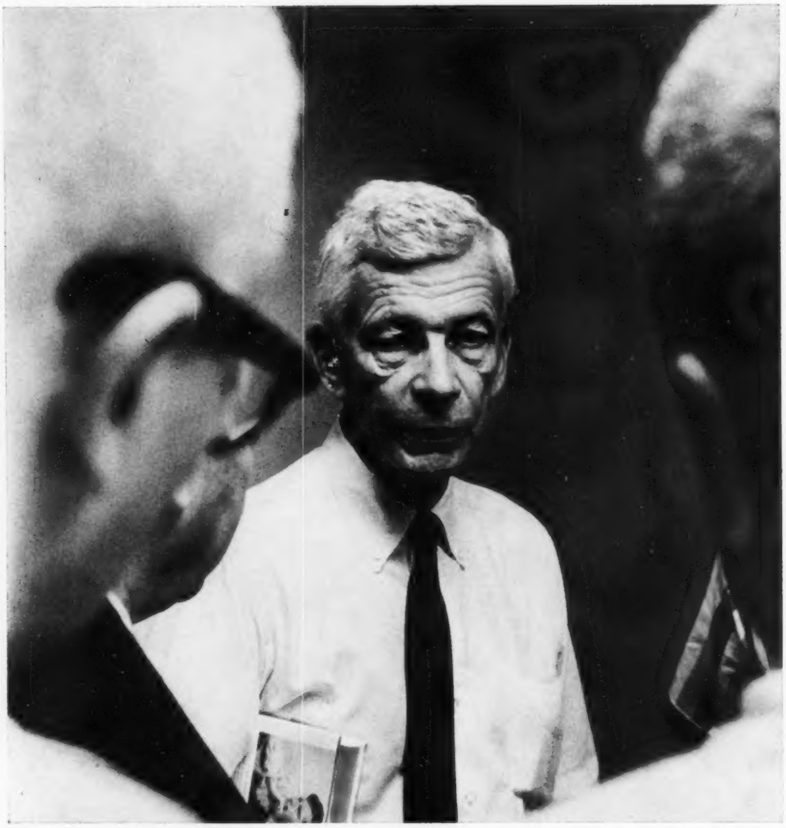
A call for more trained men to act as liaison between government and industry on the one hand, and the nation's mass communications media on the other, was voiced by Marion B. Folsom, director, Eastman Kodak Company, and former Secretary of Health, Education and Welfare.

Photographs by Thomas J. Kraner

Professor Raymond Mack, Northwestern, Harper's editor John Fischer, and Professors Kenneth E. Boulding, University of Michigan, and Denis W. Brogan, Cambridge University, ponder question raised by 'student' at Public Relations Institute, Cornell University.

Colonel John J. Stephens, Chief, Civil Liaison Division, Office, Chief of Information, Department of the Army, queries speakers during question-answer part of program.

C. F. Hardy, director of public relations, Delco-Remy Division, General Motors; John E. Sattler, northeast public relations manager. Ford Motor Co., Charles Newell, Lubrizol Corp., and Donald E. Lynch, executive director, Public Relations Society of America, react to amusing story told by Chris Argyris, professor of industrial administration, Yale.



Surrounded by 'students' Professor Mark Van Doren answers queries on his lecture.

Pointing to the innumerable areas in which the policies of government and industry need explanation to the general public, Folsom declared that the most serious problem in this area is that government suffers from a more rapid turnover of personnel, through changes of administration, than does business.

Marshall E. Dimock, professor of political science and head of the Department of Government, New York University, concluded Tuesday's session by outlining the tremendous growth in size and complexity of managerial tasks in government. The personality of the chief executive, he felt, could no longer be counted on to overcome these managerial problems.

He, too, called for more continuity on the policy levels of government, possibly along the lines of the British cabinet system in which the administrative apparatus of a particular department remains unchanged.

Science and technology was the topic of Wednesday's session on August 9, with lead-off speaker Henry E. Guerlac, professor of history of science, Cornell. He noted that the achievements of science were once classified by centuries. So rapid has knowledge been gained in the modern era, however, that the decade is now the handiest measuring unit. The significance of scientific achievements, he said, now spreads much more rapidly into other fields than ever before, having a profound and immediate effect on politics, economics and even religion.

MAINTAINING FREE COMPETITION

John H. Rubel, assistant secretary of defense and deputy director of research and engineering, Department of Defense, termed the billions of dollars our government spends each year for research and development of defense weapons a "strange business" indeed, because it goes counter to our traditional concepts of free enterprise. The cost-plus-fixed-fee reimbursement on such contracts, he said, seriously distorted the incentive system based on profits and the fear of losses. He hoped that in the process of defending ourselves, we could maintain as much free competition within the system as possible.

With social change as its topic, Thursday's session presented Denis W. Brogan, professor of political science, Cambridge University, who noted that "we may not have the biological and mental capacity to handle change." He advised that our leaders consider existing world political conditions and the impact of new knowledge on personality. He declared that "any teacher who prepares a boy or girl for the world they will live in is either a fool or a divinely inspired prophet."

THE IMAGE OF THE FUTURE

Kenneth E. Boulding, professor of economics, University of Michigan, assessed the greatest strength of the Communists

Early morning Institute session produces thoughtful concentration. Night before was spent in intensive two-hour study session which included reading assignments given by professors and lecturers.

Alice T. Barlow, school-community relations director, Champaign, Ill., and Gladys J. Swift, director of public relations, Tri-County United Fund, Harrisburg, Penna. sit with classmates.

—their highly positive image of the future. That image, he warned, is based on an unrealistic, methodical concept of human nature, but a positive one, nevertheless. Our own image, he suggested, could be effective only if it were based on the true nature of man, not a mechanical view. Although we have yet to do this, he said, "there is only one loyalty (in the U. S.), that is loyalty to truth, a difficult and painful loyalty to possess, (but) the only image of the future that is truly creative."

As if to emphasize the difficulty of realizing such an image and projecting it to the world, the next speaker began by destroying some false images held by Americans. John Fischer, editor-in-chief, *Harper's Magazine*, asked whether American democracy was really designed for the export market.

He listed several false assumptions we make about ourselves: if we tell people our good points, they will accept our system; poverty is the chief cause of revolutions and can be abolished by direct aid; our reverses overseas must be the fault of some mistake in our governmental policies.

Our kind of democracy, he said, is not exportable except in certain special situations. Moreover, the "to know us is to love us" theory cuts two ways, since our abundance, our competitiveness and our wastefulness inspire not adulation, but also envy or scorn.

While foreign aid should not be discarded, he made clear, it rarely gets to the people en masse, but is squandered or stolen by a few near the top of the power complex in the country receiving the aid.

A STATE OF SIEGE

The population explosion, he observed, which will bring the world's current total population of three billion to some six billion by the year 2000, makes poverty a continuing and growing fact of life. He pointed out that the U. S., with five per cent of the world's population and 50 per cent of its wealth faces 95 per cent of the world which shares the rest of the wealth. Even without Russia, he said, we would live under mounting pressure from that 95 per cent in a virtual state of siege.

Friday's session was devoted to the modern corporation, with the following speakers: Edward S. Mason, Lamont University professor, Harvard; Chris Argyris, professor of industrial administration, Yale, and Ernest Dale, president of the New York management consulting firm bearing his name.

Among the points developed were these two: The requirements of formal organizations like corporations conflict with the needs of mature people within those organizations whom society expects to be active and independent; and today's top corporate executives have grown so accustomed to getting things done by others that they have lost the bold hero-image of earlier captains of industry. These men, whatever their faults, had scope to their personalities and were able to build and manage virtually any kind of business.

A general review of both the nation and the Institute's sessions was the topic of the concluding session on Saturday, August 12. Mark Van Doren, author, poet, Pulitzer Prize winner and former professor of English at Columbia, was the first of two speakers.

He launched a free-wheeling attack on our society in general that ranged over the face of contemporary morals, seeking to learn why the virtues of excellence and manliness had ceased to be popular. "In the last ten or 15 years it has become very hard for most people to say what they think, not what they're supposed to think or what it would be profitable to think, but what they really think."

"A FRIVOLOUS RACKET"

"We do not think very much," he stated. "We do not think about things that are hard to think about, that are unpleasant to think about. We want to be flattered, to think that things have a pretty nice status . . . The American people read fewer books than any other people in the world . . . The English read five times as many . . . The Russians read about ten times as many."

Addressing himself to the kinds of jobs people work at in the U. S., Professor Van Doren said: "How many are jobs that people are proud to say they have? . . . for the most part, society is a frivolous racket." "Almost nobody is serious," he added, referring to the thinking of Paul Goodman in his book *Growing Up Absurd*.

Again referring to and endorsing Goodman's ideas, Professor Van Doren said: "Young people are not patriotic. Why is it that they don't value the country? It is not a serious country, not a thoughtful country, not a country that sets value upon grace and excellence of mind, that searches out its most thoughtful members and elevates them to high positions. Why is it that Americans are hated so much in the world? Because for so many decades we have tried to make profit out of the other people of the world. We have exploited them, despised them, made up ugly names for them, we have plundered them. It is quite a job to make the transition from the psychology of exploitation to the psychology of aid. White people are just a drop in the human bucket. If we don't soon enough join the human race as an equal, we shall be at the short end of the stick."

SPECULATION AND IMAGINATION

He concluded by suggesting that our people had greatness in them which many leaders did nothing to strengthen. "One reason we think of Lincoln as great is that he thought we were. And, of course, we are." Our particular era, he felt, "has not encouraged speculation and imagination. Perhaps these are the terms I should leave with you—speculation and imagination."

Walter W. Belson, assistant to the president and director, public relations, American Trucking Associations, asks question.

George Hammond, president, Carl Byoir & Associates and Institute chairman, makes announcement; author Kal Druck in back.

Raymond W. Mack, chairman, Department of Sociology, Northwestern summarizes and analyzes Institute's content and purposes.

Cornell Provost Dr. Sanford Atwood (left) confers one of 68 diplomas on John Naisbitt, director of public information, National Safety Council, Chicago, at graduation ceremony.

Final speaker and master summarizer of the day and the week-long Institute was Professor Mack, whose theme was the way social systems survive. One of his most telling points was that a new member of a system—like a child—must be indoctrinated, oriented and taught the rules. Primitive peoples today, and our own society until a generation ago, trained children within the family. Children saw their parents at work and could in time replace them at many if not all the necessary jobs.

"What would happen," he asked, "if tomorrow we all sent our 12-year-old sons to work for us? They don't know what we do and it is rather unfair to blame them for it. . . . The things people are supposed to learn at work—the older virtues like responsibility, dependability, punctuality, integrity, we're going to have to see that our children learn somewhere, or they're just not going to learn them."

To survive, said Mack, a society must have a purpose or goal. Our traditional goal, he felt, is to maintain and expand our "obligation and opportunity for self-realization." In his opinion, this national purpose is turning the previous pyramidal form of society into a diamond shape, with an immense middle class of skilled workers.

In summarizing the projections of the Institute speakers during the week, Professor Mack suggested that we would have to "learn to live for the indefinite future in an East-West stalemate in what many speakers called a 'balance of power'—but what I would prefer to think of as a 'balance of terror.' "

Overall perspectives given by the Institute speakers emphasized the ethnocentric necessity of looking at the world through the eyes of other nations.

All in all, it was a troubled and troubling week, which provided no answers to our most urgent problems except the central thought that we must learn to find hour-to-hour and month-to-month accommodations through a continual process of adjustment and readjustment.

The serious depths to which the Institute plumbed, the remarkable intellectual excitement generated and the high level of contribution made by public relations people in attendance, all combined to demonstrate the mature caliber of the profession and the distance it has come within a few short years. This Institute and its two predecessors at the University of Wisconsin have helped the profession of public relations, in a meaningful way, to come of age.

SO THEY SAY

ECHO OF HOKUM

We must avoid the obtuse, glib meaningless platitudes and clichés that have the ring of Madison Avenue and the echo of hokum. We cannot be satisfied to simply follow in the wake of managements—nor does management expect us to. It is part of our responsibility to help blaze the trail ahead." —JOHN E. SATTLER, *Northeast Public Relations Manager, Ford Motor Company, before the Connecticut Chapter, Public Relations Society of America.*

A LONG WAY TO GO

"The public relations director will attain his full stature in American business not by bewailing his lot, but by demonstrating to management that he has, in fact, a contribution—many contributions—to make. It will take time, but the day will arrive, and it will be speeded in direct ratio to the competence, judgment and integrity which the public relations man brings to his job, and which he exercises in the full view of top management." H. B. MILLER, *Director, Public Relations, Pan American World Airways, and President, Public Relations Society of America, before the 10th Anniversary Meeting, Northeast Ohio Chapter, PRSA.*

THE ETHICAL QUESTION

". . . Listen before talking, releasing, projecting or making noises in behalf of governments, causes or industries. Listen to the reaction of human beings whom you presume to influence. And it is a presumption of grave responsibility. Influence human beings to do what, for whose purpose and for whose good? These ethical and moral questions are inherent in our every communicative act."—W. HOWARD CHASE, *President, Howard Chase & Associates, before the World Public Relations Congress in Vienna.*

CREATIVITY AND CONFORMITY

"Both conformity and creativity are extremely important elements in American capitalism. We must maintain the proper balance between creative efforts for improvement and the necessity for conforming to established rules of the game. In all the varied organizations within our American capitalistic system, there will be many ways in which you are expected to conform—in the little things. But in the *big* things—the ideas, developments and decisions which truly make a difference—you will be successful only in the degree to which you are able to be creative. You will be successful only to the degree that you are able to find better and more efficient ways to meet the highly competitive demands of American capitalism."—FRED MAYTAG II, *Chairman of the Board, The Maytag Company, before the 8th Annual Christian Liberal Arts Festival, Simpson College.*

THE TRUE DEFENDERS

". . . Businessmen play a crucial role in this tremendous struggle of ideas we're in. They are wealth-creators. They are the manifestation, the end-product, of this system which has produced so much. Do we realize the importance of our role? Do we realize that we represent free enterprise in our own persons? Are we able to articulate it? Are we literate about it? Can we defend and logically answer against the competition?

"If we can't support what we believe logically and philosophically, we're not literate enough to be the true defenders of this faith. . . ."—WALTER BARLOW, *President, Opinion Research Corporation, before the Manufacturers' Association of York, Pa.*

Management Cannot Afford to Relegate Human Relations to the Group Psychology Theory

Public Relations is Becoming People Relations

By FRANK E. HEWENS

AT LAST, public relations shows signs of becoming what Ivy Lee tried to make it a half century ago: People relations.

The truth that Ivy Lee, one of our pioneer public relations counselors, appeared to sense — though he never seemed to appreciate what he had stumbled upon—is dawning upon more and more public relations practitioners: people act and react like human beings. Most of the time, they do not act and react like the shapeless, mindless cipher we call the public. The difference between man as individual, and man as mob, makes the difference between the public relations specialist and the press agent.

Of course, some common, cliché reactions can be dredged up from any group of human beings—for good as well as ill. Hitler could move people by the acre to screaming, hysterical agreement with anything he chose to say. But, in his own words, "I had to spend the first ten minutes getting inside their minds, making them mine."

NOT LIKE PAVLOV'S DOG

When people are not (as Hitler expressed it) "mine," they are exasperatingly inclined to conduct themselves as individuals—as God intended. And that happens most of the time. Unlike Pavlov's dog, they don't automatically respond with watering mouths when a bell is rung. More, unlike Pavlov's dog, they won't run stupidly to the cupboard when they've already discovered that it's bare.

There's a little-recognized lesson for public relations people in the fact that Russia spends more to jam Voice of America broadcasts than the United States Information Agency spends on the whole program. Why? Because Russia realizes that people in their own homes, beside their own radios, are individuals. Hearing broadcasts from the outer world, they just might be cantankerous enough to believe them!

PUBLIC RELATIONS DEFINED

Ivy Lee was closer to the ultimate foundational truth of public relations than he realized when he explained his concept of the field, back in 1916. Nowadays (we hope) he would use the term *public relations* instead of publicity. He said:

"Publicity in its ultimate sense means the actual relationship of a company to the people, and that relationship involves far more than saying—it involves doing. An elementary requisite of any sound publicity must be, therefore, the giving of the best possible service."

And yet, when famed lawyer Samuel Untermeyer asked Ivy Lee to explain the difference between "the vocation you follow and that of the publicity agent," the founding father of public relations replied: "I don't know, sir. I have never been able to find a satisfactory phrase to describe what I try to do."

Ivy Lee's stress upon service—upon doing good for people and getting credit for it—is a clear recognition of people relations. More, the Ivy Lee concept of "publicity" as a two-way function (messages flowing outward, feedback information and advice flowing back) needs very little amending to make it spell out a 1961-style formula of public relations—as people relations. The messages from management flow out, as always. But the facts on how people react—and whether they react at all—must flow inward. And they must be acted upon.

The sobering lesson for public relations men today is we know all too little about human relations. We are probably superb craftsmen at communications. But often, let's face it, the boss in a public relations firm or a corporate public relations department doesn't know how to get along with his own associates!

People have a perverse and delightful way of reacting in non-textbook ways. Because sociologists are smarter than people, this makes it possible to carry on endless studies in conduct outside of the "norm." In another 80 years, say these specialists in human behavior, their area of wisdom will be an exact science. Then, all you'll need to know in a given case is a man's antecedents for the past ten generations, and environmental influences back to the age of six months. Meanwhile, consider such vignettes of the human animal as these:

- For millions of listener-hours of telecasting, many commercials for a variety of consumer products have vilified "Brand X," made it the symbol of inferiority, no matter what. Along comes a blasé producer of a new soap powder in England. At a loss for a name, he calls it "Brand X." At last report, he was having trouble keeping up with orders. The same situation occurs here when a cigarette is marketed under the Brand X label.
- In a middle-sized metal-working plant, a meek little man toiled for 22 years at his turret lathe. He was the employer's ne-plus-ultra ideal of the perfect employee; never late, rarely absent, exemplary production record. One day, the plant went on strike and the lathe hand went too. The first thing he did—methodically as in everything else—was to hurl a brick through the plant's plate glass reception room window.

Why did you do it? The personnel man, who knew of the man's fine record, helped ask the question at police headquarters. Why? The lathe hand turned red with wrath: "Why? Because, 22 years ago—almost to the day—when I started working for this

FRANK E. HEWENS, *Senior Vice President in charge of the Public Relations Division, T. N. Palmer & Company, New York, is a former New York newspaperman. He joined Palmer after 7½ years with Selvage & Lee, Inc., New York.*

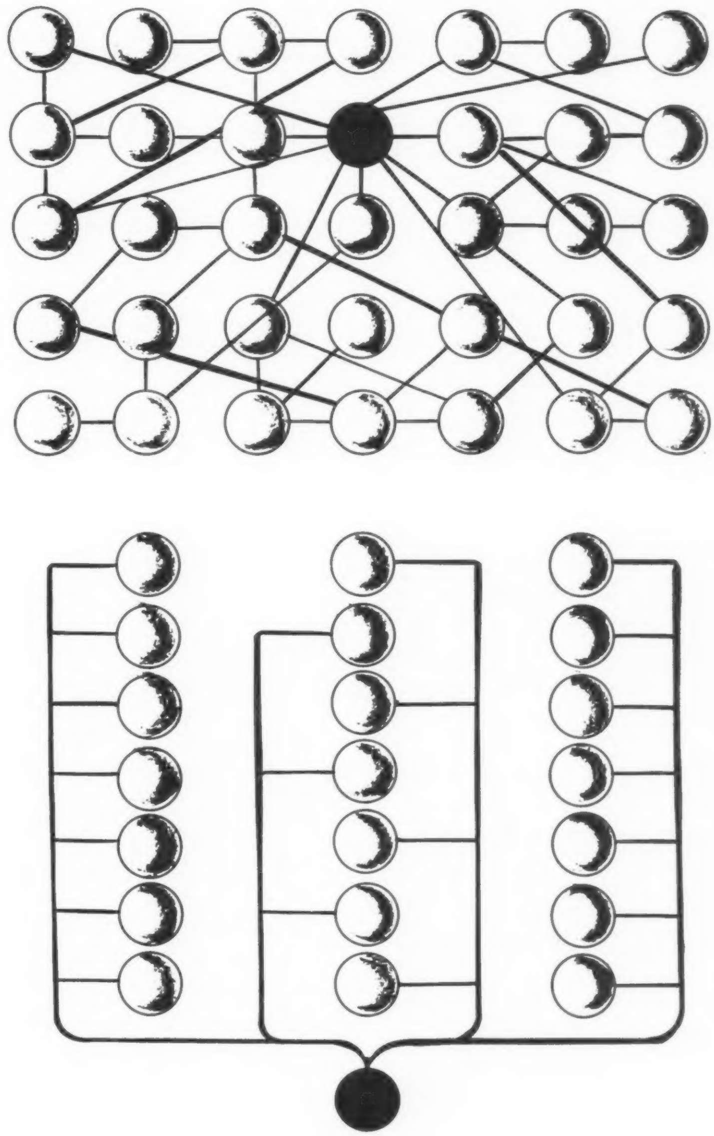
company, I was nice enough to say 'good morning' to the foreman when he walked by. He snapped at me. All he said was, 'never mind the good mornings! Just do your work and speak when you're spoken to.' What if it was 22 years ago—I just got my chance today!"

¶ The new wing on the factory replaced an old one that had been condemned as a firetrap. By every scientific yardstick, the new facilities were the worker's dream: high-candle-power fluorescent lighting, fatigue-relieving tile floors, acoustical ceilings, ideal ventilation. No windows, to be sure, but a modern plant. During the first three days in the new place, the employees were in open rebellion. They vowed they were suffocating, refused to believe the thermometers. It took a wise old personnel man to find the answer for a total cost of 35 cents. To each ventilator grating, plain to see, he tied bright red ribbons that bannered out in the draft. That's all. No increase in ventilation, no change in ducts. But now the employees could see the air circulating. "It's about time they fixed those fans!" said the workers. They went happily back to their jobs and perspired no more.

¶ Some personnel specialists were experimenting on the "progressively deteriorating effect" upon production of diminished light and increased noise level. In successive stages of the experiment, light was decreased, noise level allowed to increase. What happened? With each deteriorating change in working conditions, production went up!

The experimenters knew why. The workers understood they were being studied. They felt flattered and challenged. The important point is that they reacted like human beings, not like a mob—a "public."

The way people react has been described as "rationally irrational." People make no sense at all—until you see things through their eyes, or until you are confronted with the same conditions and react the same way.



Because people act like people, the transmission of public relations messages and the forming of public opinion is far from the tidy process suggested by the top diagram. According to that unrealistic concept, the public relations function (solid circle) can send out messages in a straight line to any number of people and sit back and expect that minds will be influenced as desired. The fact, as represented by the lower diagram, is that each person in the audience is actively being influenced by people and conditions from all sides while the public relations function (solid circle) tries frantically to do some influencing of its own. And still more: each person on the receiving end is actually or potentially doing some public-relating for himself—ad infinitum interconnecting everyone.

MISSING THE TARGET

This "rational irrationality" is particularly striking in the very specialty of public relations people — the organizing and communicating of facts. David Mack, vice president, Lily-Tulip Cup Corporation, New York, and specialist in human relations has said that: "Perhaps the thing that we most often lose sight of is this: It is not the facts. It is what the employee interprets the facts to be that determines the employee's reaction. This principle applies throughout life and is not confined to employees. People react to *what they interpret the facts to be*—not what the facts are. Management, in its laudable effort to supply employees with facts, often misses the target entirely and wonders why those employees react as they do. . . ."

A foreman discovered this truth one day to his amazement. "All I did," he told his superior, "was to drop into Department 59 and say 'well, things are pretty gay here, aren't they?' So what happened? The lead man took it as a scolding—thought I was criticizing the discipline. The men thought I was accusing them of socializing with the women employees. And the women? They took it as a compliment. What did I really mean? I meant the department looked gay . . . because of the bulletin board, colored safety posters, post cards from people on vacation, and so on. That's all!"

You begin to realize how public relations is confounded—by human relations

—only when you pick intimate, person-to-person incidents like that one, and multiply them by X, into plant-size, community-size, nation-size.

The people-minded public relations man discovers another axiom, too, as he makes his personal studies on the receiving end. He discovers that *no* facts, *no* messages are a form of communications. Facts that fall out of the communications tube look different than the way they looked going in. *No* facts at all can be eloquent in ways you don't intend.

On a small, person-to-person scale, there is the case of the tool maker who washed up and cleaned out his locker. He concluded that he was fired when his foreman walked by without saying hello. Parlay the same cause-and-effect up to community size, and you could have, for example, the case of a plant that loses key employees because it fails to deny a rumor.

Often, the public relations way of dealing with rumors is primitive. They are something to "combat." Look at them from a people relations viewpoint, and you realize that it just isn't that way. Nature—and human relations—abhor a vacuum. If the real facts are not occupying the slot for a given issue, it's always open season for untruths to drop in. If you have to charge down upon rumors and slay them like Mr. Kleen, something is wrong with your public relations techniques in the first place. In spite of some snide comments to the contrary, the surveys show that people are delighted to believe the truth about the companies they work for . . . once it's handed out to them.

Also, as you take inventory of many hallowed public relations ploys—in the bright light of true human relations understanding—you can sort out many of them as phonies.

The Horatio Alger stories about young executives so lovingly displayed in company papers and the local press are commonly supposed to inspire all others to strive and succeed, likewise. They don't. Those who read them can't work their way through college, retroactively. They may even like being in a rut.

AUTOMATION ON THE SCENE

Automation, by all the evidence, does not frighten people. Automation has been on the scene in American industry since 1784, when Oliver Evans set up an automated flour mill. Jacquard lace, as another of many, many examples, was made by automated equipment — controlled by punched cards — 100 years ago. So again: people—as thinking individuals—are generally two jumps ahead of over-timid public relations specialists. There's no need either to (a) hide the automation or (b) over-alibi it.

Another non-people-oriented concept has to do with labor-management relations. The concept: that people are either pro-union or pro-company. If they're not pro-your-side, goes the theory, you must declare war on their wrong thinking and win 'em back. Studies show that people can be loyal to both union and company. And more: they can be seemingly disinterested in their unions, and still go all the way with them in strike situations. Four workers may turn out for a union meeting in a large plant. But by 9 A.M. the next day, the grapevine has conveyed what happened to all the members.

Finally, people like to be treated like people. Not like disembodied segments of a soul-less "public." You can woo a man with the last word in hand-signed letters from the company president, the best in company magazines and a feature spread in the local paper. But if his boss has just scolded him unfairly in the presence of others, you still wind up with a man who hates—not the boss—he hates the company. Human nature again.

The public relations specialist, more than likely, cannot do anything directly and immediately about the foreman-worker incident. But he should (a) be aware that such things happen — and that they affect the worker's feelings about the company, and (b) induce management to set the stage so that the human relations climate is better.

STEPS TO TAKE

What are some of the steps that the public relations practitioner can take to install some human relations understanding into the superlative communications ability which (let's assume) he already possesses?

First. He should take a cram course in human relations. In a large corporation equipped with professional-level specialists, it is more likely that someone will be willing—even eager—to expound on the strange and wonderful facts about the way people act and react. In addition, many college and university courses are based on the case study approach. Some introduce the technique of role-playing —an experience which gives the student a revealing (and often surprising) glimpse of what it's like at the other end.

Second. The public relations practitioner might consider suggesting to management that human relations training can be useful—i.e., profitable. One note of caution: *All* members of management, everywhere, instinctively feel that they are experts on human relations ("Else how would I get to be where I am?"). So this step requires some tact. Tact is merely applied human relations. Good practice.

Third. The public relations man should give serious thought to the human relations understanding contained in the supervisory force. It follows, of course, that the same test should be applied to the sales force—particularly if the public relations man's responsibility extends to customer relations and product publicity.

TOUCHING HOME BASE

Fourth. The public relations man should look around him at home base. When, for example, was the last time the Public Relations Director:

- Complimented a subordinate for work well done?
- Complimented the subordinate to the man higher up?
- Asked for the advice or the opinion of an associate?
- Expressed interest in the other man's hobbies, family, outstanding interests?

Public relations, says Cliché No. 97, begins at home. So does human relations. It begins with an understanding of what it's all about.

A College Demonstrates A Good-Neighbor Policy

Princeton University Programs Friendship

By J. C. LONG

MANY UNIVERSITIES, and also businesses, have taken steps in recent years to end the traditional rift between town and gown. In New Jersey, the unity of Princeton University and the community has been in effect for so long that no conscious program is necessary.

However, good will depends upon implementation—implementation that puts the "we" into the entire community and all its institutions. Here's what's included in the "program."

- The University library is one of the half-dozen best in the United States. It has the unusual policy of open stacks, where the reader may browse freely instead of being restricted to the uncertainties of a card catalogue. Anyone desiring the use of the library seriously is free to do so for a modest fee. The Library bulletin notes that, "all rules are directed to one end: to provide for the most pleasant and efficient use of the Library by the total community of students and scholars."
- At specified hours, members of the community may use the skating rink. It is in operation from November to the end of March. At scheduled hours, the University swimming pool is available to non-students of the community.
- For $2 a year, Princeton citizens may receive the *University Weekly Bulletin* which lists various free lectures open to the public, as well as certain free athletic events. Also included are programs where modest fees are charged: certain sports, concerts, plays and films.
- Those in the University area are also entitled to a discount at the University Store. The store is run on a semi-cooperative basis.
- The University Chapel is available to the local high school for certain ceremonies, such as its annual concert. The high school students who sing in the choir derive great satisfaction and a feeling of identity from singing in the Chapel.
- Youngsters from the Princeton elementary schools can attend the university football games at reduced rates. In fact, except for the two or three biggest games of the year, they are admitted to the stadium after the first half without charge.

In some communities, the townspeople tend to root for the opposing team, but in Princeton the custom is for everyone to have the "we" attitude. "We won today"; or if "we lost," "We look forward to bettering the record in the next game."

The essential point is that the university is not some "behemoth" with lavish facilities which it keeps to itself. There is a general pattern of friendship, not mystery. University faculty members not only mingle with others in the community in music study groups, instrumental and singing activities, PTA's and civic organizations, but many of them give music instruction to pre-teen-agers and teen-agers in University studios.

Princeton University has developed its fine community relations through one simple principle: it doesn't hug its advantages exclusively to itself. It shares them with the citizens in the community so all have a larger, more enjoyable life.

J. C. LONG, *Chairman of the Board, Jones Brakeley & Rockwell, New York, was formerly chairman of the Committee on Public Relations, American Iron & Steel Institute. He is author of the book, "George III, the Story of a Complex Man," published by Little, Brown & Company.*

The Mikado, given at University's McCarter Theatre by Savoyards of Princeton, starred Lee H. Bristol, Jr., director of public relations, products division, Bristol-Myers.

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Mary E. McNeill
Executive Editor

Sworn to and subscribed before me this 12th day of September, 1961.

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The Public Here and Abroad Can Do Much
To Further Intelligent Economic Development

Some Public Relations Aspects of International Investment

By STEWART SCHACKNE

COMPANIES DOING business on an international level increasingly face public relations questions arising from an ambivalent attitude in many countries toward investments from abroad.

Underdeveloped nations are avid for economic progress, and even the industrially advanced ones seek further growth. All of them realize, of course, that development requires capital, and many of them profess an eagerness to receive investments from beyond their borders.

But when such investments have been made, or it is proposed to make new ones, there is often an outcry against them. Politicians out of office turn the foreigner's investment into a club with which to pummel the politicians in power. Nationalistic newspapers view the investments with alarm, often labelling a foreign purchase of a domestic business with the loaded term "takeover." Members of the far left and of the far right become allies in the attack—leftists because prosperity resulting from foreign investment explodes their doctrine that advancement can come only through their dictatorship; the rightists because they do not want their privileges disturbed by change.

International investment is so important, however, to the progress of underdeveloped regions, and to the economic strength which safeguards the free world from aggression, that misapprehensions about it are unfortunate.

Anxieties about foreign investment vary in kind and intensity as between underdeveloped and developed countries. In the former, the fear is that capital from abroad somehow impairs national sovereignty. When the source of capital is a foreign government, particularly a totalitarian government where all investment is in the same hands and is invariably regarded in the light of political objectives, this fear may be justified. But most foreign investment in the non-Communist world today, by far, comes from private sources. Furthermore, it comes not from a single such source but from many; it is not under centralized control. It is made from commercial, not political, motives. The idea that investment of this sort will result in political domination is, to put it mildly, far-fetched.

CREATING WEALTH

Another fear may be that foreign investment is a drain upon the country, siphoning off riches for the enjoyment of others. But bona fide investment is not a Viking or Conquistador raid for plunder. A raid is understaken to seize something that someone else has made. Investment is intended to create wealth. The investor, of course, expects to profit from the use of his capital. But such profits as he withdraws are only part of newly-created wealth, not a subtraction from the existing wealth of a country.

In many cases, a large part of the profits is reinvested so that, in effect, the original investments are not withdrawn but are expanded. And, of course, the country of investment and its people generally participate in the new wealth through taxes, local employment, purchases and other channels. Far from having something taken away from them, they partake of something that did not exist before.

The fact has to be emphasized that the kind of international investment under consideration here involves private capital put into productive ventures in sovereign nations, because it must be admitted that, under conditions of colonialism, the advantages of investment can be made very one-sided in favor of the foreign source. This is accomplished simply through the colonial government's denial of political power to the local populace.

Today virtually all the underdeveloped nations are ruled by sovereign governments; some of them, in fact, have been independent for a century or more. In the free world, colonialism has diminished to the point of rarity. Its practices cannot be ignored, however, because they have been perpetuated and greatly expanded by the Communists. Although the term commonly used now is "satellite" rather than "colony," the system set up over a large part of the earth by the Soviets is the equivalent of an old-fashioned colonial empire.

However, the underdeveloped nations generally aspire toward the productivity and standard of living that prevail in the United States. In fact, the American economic pattern, characterized by toil-saving mechanization, advanced management techniques, mass output and freedom of choice for the citizen both as consumer and worker, has become a sort of global goal. What seems often to be overlooked by those who would like this kind of economy for themselves is how the economy of the United States got started, and how it grew.

The American colonies, at their beginning, were certainly in the condition that would today be described as "underde-

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STEWART SHACKNE, *Public Relations Counselor, Standard Oil Company (New Jersey), New York, joined the company in 1945 as assistant manager of public relations. He was appointed manager of the department in 1954, and to his present job in 1960. He is co-author of the book, "Oil for the World," published by Harper & Bros.*

veloped." Indeed, they were unrelieved wilderness. Moreover, they were latecomers on the world scene. At the time of their establishment, there were numerous states in Europe and in the Near and Far East which had highly developed industry, agriculture and trade.

The initial capital for economic development of the colonies can be considered to have been the axes and shovels, the spinning wheels and other tools that the settlers brought with them—in other words, imported capital. With these, plus additional capital goods that continued to be imported, there were built the shops and warehouses, the mills and forges which were the basis of a domestic economy. And, at the same time, there was built what contemporary scholars would call the economic infrastructure — the roads, houses and schools.

GROWTH OF A NATION

In the early days of the American republic, it was generally thought that a period of at least 300 years would be required for the nation to span the continent. In actual fact, however, so rapid was the country's growth that the lands of the far west were opened in about one-third that time and the Atlantic was linked with the Pacific by railroad in 1869.

Although the American colonies began early to generate internal capital for economic growth, foreign capital played a key role not only in the colonial period but long after nationhood was achieved. For example, European investors provided most of the capital for the railroads and canals which were built in the first half of the 19th century, and which were so instrumental in knitting together the young country's farms and factories with markets.

Indeed, until the first World War the United States was, in terms of capital investment, a debtor nation—that is, the volume of foreign investments in the United States was greater than that of American investments abroad. Since then this situation has reversed; and because the United States now has the largest national production of any country in the world and thereby generates the greatest amount of investment capital, most international investment today comes from American sources. It follows that the inwardly conflicting attitude toward investment—namely, desire for it coupled with fear—focuses largely upon the United States.

Some of the nations where misgivings about American investment are most vocal are, interestingly, those which themselves have very sizable investments in America. For example, direct American investment in Great Britain has a book value of about \$2.5 billion and represents nearly half of the total American investment in all of Europe. At the same time, direct investment by British business in the United States has a book value of a little over \$2 billion. In addition, the British government and private citizens own over \$3 billion in shares in American companies. While some private American investors own shares in British companies, the amount is probably much smaller.

A feeling that investment from abroad offends national pride is found both in underdeveloped and in developed countries. When the American experience is cited to persons who hold this feeling, the rejoinder may be that dollars are very welcome but it is managerial control of investments that is objected to.

The fact is, though, that much of the foreign investment in the United States does represent managerial control. Moreover, many of the companies in this category are significant segments of the industries in which they are engaged.

MAGNITUDE OF FOREIGN CAPITAL

Thus it can be seen that although the role of foreign capital in the United States is not so great today, relative to the total economy, as it was in the nation's earlier days, it is still substantial. Its magnitude, in fact, is probably not realized by most foreigners — or by most Americans either. For example, one-quarter of the total capacity for manufacturing newsprint in the United States is owned by Bowaters Southern Paper Corporation, which is in turn wholly owned by a British company through a Canadian subsidiary. Brown & Williamson, an important unit of the tobacco business, is wholly owned by British American Tobacco Co., Ltd., of Great Britain. The Dunlop Tire & Rubber Corp., in business in the United States for 40 years and a well-known maker of tires, inner tubes and foam rubber products, is British-controlled. U. S. Borax & Chemical Corp., which accounts for some 70 per cent of borate mined in the United States, is roughly three-quarters owned by Borax (Holdings) Ltd., of Great Britain.

British and Dutch interests together control Lever Brothers Co., a major manufacturer of soap and detergents in the United States. Shell Oil Company, member of the Royal Dutch/Shell Trad-

ing and Transport organization, accounts for about five per cent of crude oil production in the United States; its net assets include refineries, pipelines, tankships and other properties valued at $1.4 billion as of December 31, 1960.

Swiss interests control Nestlé Co., Inc., food makers who employ some 3,500 people in ten U. S. plants. Holderbank Financiere Claris, a Swiss company, owns all the common shares of a large cement-manufacturing plant in Michigan.

Among Canadian controlled companies in the United States is Joseph E. Seagram & Sons, Inc. This firm is one of the leading liquor producers and ranks in the upper half of the 500 largest industrial corporations in the United States.

DOLLARS AS DIVIDENDS

Since the war, the Montecatini chemical interests of Italy have built plants in the United States for producing polymers for the manufacture of plastics and textile fibers, and are becoming an increasingly important factor in the chemical business in America. Recently the Olivetti interests of Italy bought majority control of the Underwood Company.

These companies comprise only a fraction of the full roster of foreign-owned firms in the United States. From all such firms together, foreigners receive every year many millions of dollars as dividends. But what is withdrawn in profits is less than is generated in the way of wages and salaries, local purchases, and taxes. In addition, these firms contribute to the total volume of goods available to American consumers, and sometimes they bring new types of products, or new manufacturing processes or managerial techniques, to the American scene. In short, benefits flow both ways.

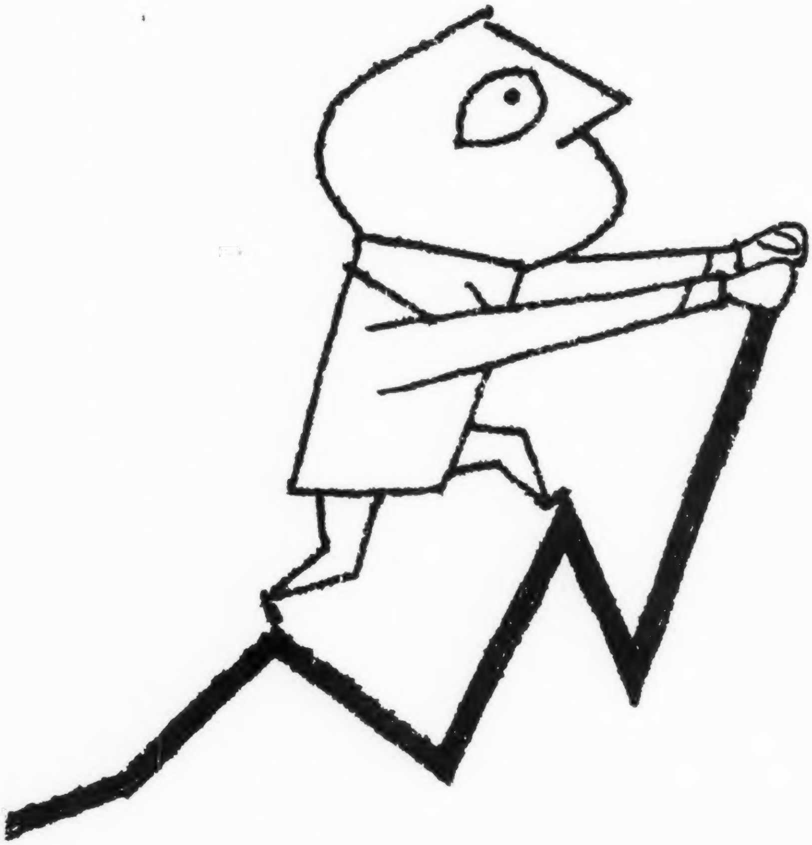
Impressive as are the dimensions of foreign investment in the United States, most of the country's capital requirements by far are met from internal sources. Similarly, other developed nations obtain the great bulk of their investment capital domestically. On the other hand, a nation or region in the early stages of economic development (like the United States 50 and more years ago) requires proportionately more capital from outside.

It is to be hoped that publics abroad, anxious to further the welfare of their countries, will appreciate the evidence of what private investment can accomplish in the field of economic development. It would be unfortunate indeed if the free flow of investment, which is so important to the world's welfare, were to be impeded by misrepresentation or misunderstanding. Public relations can do a useful work by exposing misrepresentation and contributing to understanding of this subject.

The people of a country receiving foreign investment participate in wealth created. Here workers go to American-owned Esso refinery, Port Jerome, France; while truck shipment of Nescafé instant coffee is set to leave Nestlé (Swiss owned) California plant.

PROFESSIONAL DIRECTORY

Action in Business



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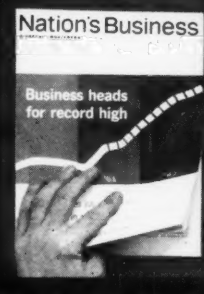

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